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## 8 Big Powers Back NATO In Warning To Milosevic

Serb Attacks in Kosovo Must End Immediately, They Say After Meeting

By Craig R. Whitney

LONDON — Reinforcing NATO's threat of military action to halt the violence in Kosovo, the United States, Russia and six other major industrial democracies demanded on Friday an immediate end to Serbian attacks on ethnic Albanian civilians in the province.

Foreign ministers of the eight countries gave President Slobodan Milosevic of rump Yugoslavia until Tuesday to announce that he had called off the offensive.

He is expected to see President Boris Yeltsin of Russia, the country most hesitant to consent to the use of force against Serbia, in Moscow that day.

But Russia joined Friday in urging Mr.

G-8 votes to deny nonhumanitarian loans to India and Pakistan in retaliation for nuclear tests. Page 2.

Milosevic to use that occasion to announce agreement on the other demands by the eight countries, six of which also have an international mandate to monitor events in the Balkans closely.

Those other demands were to allow unimpeded and continuous access to Kosovo for international monitors, to let tens of thousands of refugees return to their homes with international aid and to resume dialogue with the Kosovo leadership under Ibrahim Rugova.

About 250 people have been killed in the fighting so far, international officials say.

"President Milosevic will be making a grave mistake if he imagines the international community will be as slow to respond in Kosovo as it was in Bosnia," the British foreign secretary, Robin Cook, said after the meeting Friday. It was originally called to coordinate the international response to nuclear weapons tests last month by India and Pakistan.

The ministers also urged the International Criminal Tribunal for the former Yugoslavia in The Hague to extend its writ to cover crimes against humanity in Kosovo by Serb commanders and their political leaders.

France, which like Russia has been insisting on a UN Security Council resolution authorizing the use of force in Kosovo before any NATO air strikes or peacekeeping missions can be decided, said that the statement Friday indicated that Russia would deliver a strong message to Mr. Milosevic in Moscow next week.

The Russian foreign minister, Yev-

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## Soldiers and Protesters Clash in Jakarta

A demonstrator kneeling before Indonesian troops as they try to remove him from the grounds of the Foreign Ministry in Jakarta on Friday. He was one of 1,000 East Timorese students calling for a referendum on East Timor. Page 4.

## Serbs Laying Minefields

Evident Aim Is to Cut Kosovo Links to Albania

By Chris Hedges

KUKES, Albania — The Yugoslav Army is planting land mines along the Kosovo border with Albania, apparently in an effort to stop ethnic Albanians from fleeing and also to block the return of thousands of Kosovo inhabitants who have fled to Albania, according to European military observers.

President Slobodan Milosevic's orders to mine the border, which stretches about 130 kilometers (75 miles), could lead to an expansion of the latest Balkan conflict.

This could occur if the ethnic Albanian separatists turn to Macedonia to replace Albania as a route for smuggling weapons and volunteers from abroad into Kosovo.

An increase in the presence of armed rebels in western Macedonia, where there is a big concentration of ethnic Albanians, might raise border tensions.

United Nations troops, including American soldiers, are stationed along the Serbia-Macedonia border to prevent military clashes over contested territory.

That mission, alliance planners said, may have to be bolstered to prevent Macedonia from becoming a staging area for the rebels.

There are reports, Western diplomats said, that the Kosovo Liberation Army has already used the Macedonian border

to join the already mushrooming Kosovo Liberation Army and eventually draw Macedonia into the conflict.

"Milosevic is once again sowing the seeds of war," said a European observer. "He wants to solve the conflict in Kosovo militarily and fails to understand that each time he brings down the hammer, new fires pop up all around him."

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## Tokyo Makes It Official: First Recession in 23 Years

### Weak Yen Poses Worldwide Risk

By Sheryl WuDunn

TOKYO — The Japanese government conceded Friday that the world's second-largest economy had sunk into recession, the first one it has acknowledged in 23 years and the worst in the postwar era, and it expressed concern that its plummeting currency could pose a challenge for the global economy.

Officials said that the economy had contracted 1.3 percent in the first three months of this year from the previous quarter — a stunning annual rate of 5.3 percent. For the financial year that ended March 31, Japan's economy retreated 0.7 percent, the first full-year decline since 1973, when oil prices soared after the Arab-Israeli war.

Such dismal performance, weaker than most economists had expected, underscored the risk that a recession in an economic giant like Japan — with an economy twice the size of the rest of the Asian economies put together — could further damage conditions around Asia and spread the economic virus from Asia to the United States and Europe.

Japanese officials took care to make public the news after the stock market had closed, but concerns about the economy and the weakening yen have already caused markets to fall in much of Asia. The Seoul stock market tumbled 8 percent Friday, while in Tokyo, the Nikkei Stock Average dipped below 15,000 in the morning before closing at 15,022.30, up 8.3 points.

The fear is that a weaker yen will make Japanese products cheaper and more competitive, thus hurting the economies of such countries as South Korea, China and Thailand — and, much more distantly, the United States and European nations.

Japanese officials again warned Friday that the yen was falling too far and too fast. It now takes about 144 yen to buy one dollar, meaning that the yen has fallen 80 percent since its peak in 1995.

"I don't think it will cause a minus effect on the Japanese economy," Koji Omi, head of the Economic Planning Agency, said of the weak yen Friday, according to Kyodo News Service.

But it poses problems, he added, "for the whole of the world economy."

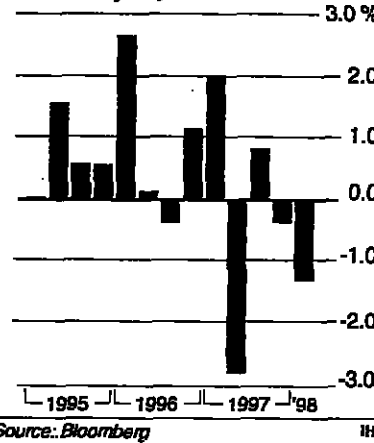
Some economists say they believe Japan's economy may recover in the short term, in part because of a huge fiscal stimulus package that will begin to be felt in the next few weeks. But others warn that Japan is teetering on the edge of a much greater tumble.

"Things could fall apart very quickly here," said Brian Rose, an economist at LTCB Warburg Securities Ltd., "and Japan could go like other countries in Asia — completely fall apart, or it could linger on."

Mr. Rose noted that Japan's economy

### Japan in a Slump

Quarterly percentage change in Japan's gross domestic product, seasonally adjusted.



Source: Bloomberg



A Tokyo trader making hand signals Friday as the yen fell yet again.

## World Markets Shudder

But Late Rally on Wall Street Turns the Tide

Compiled by Our Staff From Dispatches

NEW YORK — Share prices around the world crumbled Friday as Japan's sick economy formally sank into recession, pushing the yen to an eight-year low and threatening the rest of Asia with a second currency crisis.

Stock markets in Asia fell, with South Korea, a close competitor of Japan, particularly badly hit.

The South Korean composite index tumbled 8.1 percent Friday, its biggest ever one-day fall, propelled downward by fears that the falling yen could derail efforts for the country's economic recovery. (Page 15)

Uncertainty stemming from Japan's problems rattled European bourses, too.

German shares shed 2.9 percent, while French shares lost 2.2 percent and London shares were off 1.4 percent.

On Wall Street, Japan's slide into recession renewed concern that U.S. corporate profits will suffer from a protracted economic slump in Asia.

But a late rally on Wall Street offset a slump among the companies most dependent on sales to economically troubled Asia.

The Dow Jones industrial average finished 23.17 points higher, at 8,834.94, erasing a 127-point loss, after falling 159 points Thursday.

"We have an economy that is fairly stable and resilient," said Joseph Stocke of Meridian Investment Co., "so that even though we may go through periods of time where corporate profits may not be growing very quickly, the risk of a major downturn in the U.S. economy is less than it has been historically."

The decline started after dire first-quarter gross domestic product data showed that Japan's economy contrac-

The Dollar			
New York	Friday @ 4 P.M.	previous close	
DM	1.8054	1.8078	
Yen	144.33	143.98	
FF	6.0553	6.0635	
Pound	1.6335	1.6275	
The Dow			
	Friday close	percent change	
+23.17	8,834.94	+0.26%	
S&P 500			
+4.29	1,098.82	+0.39%	

red at an annual rate of 5.3 percent in the first quarter of this year.

The world's second largest economy after the United States also shrank in the fourth quarter of 1997. Two consecutive quarters of contraction is the standard definition of a recession.

"The GDP data was worse than expected and the Japanese economy is looking in quite big trouble," said James McKay, European economist at Commonwealth Bank of Australia in London.

The data gave weight to fears that Japan may not be able to kick-start a recovery in Asia despite the announcement in April of a 16 trillion yen (\$113.07 billion) stimulus package.

Analysts warned of the imminent threat of another wave of currency devaluations in the region with increasing evidence that the financial crisis has started to feed upon itself.

The dollar climbed to 144.33 yen in late New York trading, compared with

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## AGENDA

### 42 Injured as 2 Trains Collide in South Germany

BONN (Reuters) — German police said that 42 people were injured Friday when two local trains crashed into each other near the southern town of Bad Schoenborn.

The worst railway crash in postwar German history killed 98 people earlier this month.

### Shuttle Discovery Lands

CAPE CANAVERAL, Florida (Reuters) — The space shuttle Discovery returned to earth on Friday, bringing home Andy Thomas, NASA's last astronaut to serve on the Russian space station Mir, after a four-and-a-half-month visit.

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Italy	2.800 Lire Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD U.A.E.
Kuwait	700 Fils U.S. Mil. (Eur.)



Christophe Dugarry (No. 21) celebrating his goal with his French teammates

## France Wins Opener, 3-0 Against S. Africa

Compiled by Our Staff From Dispatches

MARSEILLE, France — France, the host, beat South Africa 3-0, in a windblown World Cup match Friday. On a night when the Mistral blew strongly through Marseille, both teams expended a great deal of energy without generating much coherent soccer.

Christophe Dugarry, who had come on as a substitute only eight minutes earlier, gave France the lead in the 34th minute with a back-header from a corner.

Only a minute after coming on, Dugarry broke in alone on the South African goal, but Hans Vonk, the South

### FRANCE 3, SOUTH AFRICA 0

African goalie, raced to the edge of the penalty area to dive at Dugarry's feet and block the shot.

In the last stages of the game the French took control. Dugarry wrestled for the ball in the South African penalty area and then rolled it to Youri Djorkaeff, who shot weakly. As Vonk dove, Pierre Issa, a defender, deflected the ball over the goal line. In the final minute, Thierry Henry broke clear and clipped the ball over Vonk.

Three French midfielders, Emmanuel Petit, Didier Deschamps and Zinedine Zidane, collected three yellow cards. (AFP/AP)

## Chinese Are Hailing Clinton's Plan to Visit Tiananmen

By John Pomfret and Michael Laris

BEIJING — Over a plate of pork and garlic shoots, Li Guoqiang, an office worker dining at a restaurant in central Beijing, nodded vigorously when asked if President Bill Clinton should visit Tiananmen Square.

"You know he's got to mention 6-4," Mr. Li said, using the Chinese shorthand for the crackdown at Tiananmen Square on June 4, 1989. "None of our leaders are mentioning it, but he will. We

need someone to bring it up and I'm sure he will do it."

Mr. Li, 43, said he was among the hundreds of thousands who flocked to the square during the late spring of 1989 to participate in student-led demonstrations against corruption, inflation and the domination of everyday life by the Communist Party.

He said he visited the square until June 3 and then spent the night at home because a relative in the army had tipped him off that a crackdown was coming. He said he lost two friends in the ordeal.

"You know, this place is a sacred ground for us,

especially those of us who lost people," he said. "The government has tried to make everyone forget. But it just can't. Clinton could help us to remember."

Last week, when the U.S. House of Representatives passed by a vote of 305 to 116 a nonbinding resolution urging Mr. Clinton not to attend his official welcoming ceremony in Tiananmen Square, the opinions of Chinese such as Mr. Li did not appear to figure in their deliberations. Although many leading Chinese exiles have condemned Mr. Clinton's plan, people across the

See CHINA, Page 5

## Show of Force In Nigeria Halts Protests

By Tim Sullivan

LAGOS — Nigerian riot policemen firing into the air and unleashing tear gas broke up protests in Lagos with a show of force Friday, wrecking opposition plans for a mass anti-government demonstration.

Pro-democracy campaigners and other government opponents calling for an end to military rule had planned to take to the streets in protest. They were confronted by a wall of police and army force in Lagos, Nigeria's commercial hub.

Faced with his first major test — the prospect of defiant opposition — General Abdulsalam Abubakar responded with enough force to quell any hopes of a meaningful anti-government demonstration.

The police arrested Gani Fawehinmi, a lawyer and leading dissident who had organized the protests, his aides said Friday. They also arrested Dupe Abiola, one of the wives of the imprisoned businessman Moshood Abiola, the presumed winner of the canceled 1993 elections.

Mr. Fawehinmi, arriving at the scene of one of the protests, was lifted onto the shoulders of three men, witnesses said. The crowd began to cheer support for Mr. Fawehinmi, who was then arrested with the men carrying him.

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# G-8 Will Deny Loans To India and Pakistan

## Group Urges Restraint on Nuclear Arms

Continued from Page 1

LONDON — The members of the Group of Eight industrialized nations decided Friday to deny nonhumanitarian loans to India and Pakistan in retaliation for their nuclear tests.

A communiqué approved by the eight countries — the United States, Britain, France, Germany, Japan, Canada, Italy and Russia — also urged India and Pakistan to halt their testing programs and not to deploy nuclear weapons on their missiles.

"We do not wish to punish the peoples of India or Pakistan as a result of actions by their governments, and we will therefore not oppose loans by international financial institutions to the two countries to meet basic human needs," the G-8's final statement said.

"We agree, however, to work for a postponement in consideration of other loans in the World Bank and other international financial institutions to India and Pakistan, and to any other country that will conduct nuclear tests," it added.

Additionally, the two countries were urged to deal with the "root causes" of tensions between them, especially over Kashmir, the Muslim-majority region that straddles their border.

New International Monetary Fund and World Bank credits had effectively been frozen since the United States imposed sweeping economic sanctions on both countries last month after their tit-for-tat atomic tests, so the agreement Friday was largely symbolic.

## Turkish Journalist To Go to Jail for Interviewing Kurd

Agence France Presse

ISTANBUL — An award-winning Turkish journalist, Ragıp Duran, is to begin serving a seven-and-a-half-month prison term next week after exhausting all legal means to appeal his conviction of propaganda for a separatist organization under Turkey's anti-terror laws.

"This can happen to anyone who works at serious journalism in this country," Mr. Duran said at a farewell dinner for the foreign press Thursday in Istanbul, lamenting the restrictions of freedom of speech in Turkey.

There are a number of taboo subjects in Turkey, on which you can express views only if you stay within the line drawn by the state," Mr. Duran, 44, said. "The Kurdish issue is at the top of that list."

He is currently the Istanbul correspondent for the French daily Liberation and formerly worked for Agence France-Presse, the BBC, and various Turkish newspapers.

He was tried and sentenced in December 1994 for an article in a Turkish newspaper about an interview with Abdullah Öcalan, the leader of the outlawed Kurdistan Workers' Party, which is fighting for a Kurdish homeland.

While the Istanbul State Security Court did not object to the interview in itself, it ruled that a comparison drawn with a former interview and an analysis of Mr. Öcalan's statements violated Article 7 of the Anti-Terror Act.

The action came at a meeting of Secretary of State Madeleine Albright and seven foreign ministers on the nuclear crisis in South Asia.

Mrs. Albright also urged the other nations to refrain from nuclear cooperation with India and Pakistan. Senior U.S. officials, speaking on condition of anonymity, said the two countries would be denied such help.

"The recent nuclear tests have created an atmosphere of regional instability which will undermine the region's attractiveness to both foreign and domestic investment, damaging business confidence and the prospect for economic growth," the communiqué said.

The United States has imposed economic sanctions, under U.S. law, against both countries. The eight foreign ministers, as a group, said all countries "should act as they see fit to demonstrate their displeasure and address their concerns to India and Pakistan."

"Our meeting sends the message that the world community is united not just in outrage and dismay but in action," Mrs. Albright said, referring to nuclear weapons tests conducted last month by the two countries.

By choosing to test, India and Pakistan have diminished their security and damaged their prestige, Mrs. Albright said at a meeting with the foreign ministers.

Calling for unity, Mrs. Albright said relations with India and Pakistan "must not drift back into business as usual." One way she proposed was coordinating votes at world financial institutions to postpone consideration of loans except for those "that meet basic human needs."

Last week, the World Bank postponed two loans valued at more than \$206 million to India, bringing to more than \$1 billion the amount delayed because of the South Asian nation's nuclear tests last month. (AP, Reuters)

## India and Pakistan Disagree

Kenneth J. Cooper of The Washington Post reported from New Delhi:

India and Pakistan moved Friday toward resuming peace talks this month, but disagreed about when and where to hold what would be the first high-level diplomatic contact between the regional archrivals since each nation conducted nuclear tests last month.

New Delhi announced that Pakistan's top diplomat had been invited for talks in the Indian capital June 22, but Islamabad responded with a counteroffer that India's top diplomat come to the Pakistani capital June 20.

The Indian Foreign Ministry erroneously indicated that Pakistan had accepted the invitation to New Delhi, which Foreign Minister Gohar Ayub Khan of Pakistan told The Associated Press had not been formally made.

It has been the custom of the two South Asian neighbors to rotate the site of such talks between their two countries.

Because the most recent round was held last September in New Delhi, the next would be in Pakistan if the established procedure is followed.

In recent weeks, both countries have stated a general interest in resuming bilateral talks that were suspended last year because of a disagreement over the format of discussions about Kashmir, the cause of two wars between them.



A refugee fleeing the Serbian offensive in Kosovo entering Albania on Friday, carrying his daughter and shielding her during a rainstorm.

## Robbers Shoot Guerlain

### Armed Gang Raids Perfume Scion's Home

By Suzy Menkes  
International Herald Tribune

PARIS — Jean-Paul Guerlain, one of the most celebrated "noses" in the French perfume industry and a scion of the famous fragrance family, was wounded during a robbery early Friday after an armed invasion of his home.

As he returned from the release of a new fragrance at Guerlain's store on the Champs-Élysées, a gang of up to 12 masked raiders surrounded his country estate west of Paris, according to the police.

The prosecutor in charge of the inquiry said that four persons had been hurt in the attack and that the assailants had been armed with pistols and shotguns.

Jewelry and silverware believed to be worth at least 10 million francs (\$1.65 million) were taken in "a savage attack," said the prosecutor, Yves Collet.

In addition to the wounded Mr. Guerlain, an estate manager was hit in the chest by two bullets, the family veterinarian was hospitalized after he was beaten and a carpenter was slightly injured after he jumped through a window 6 meters (20 feet) from the ground.

The bandits, in three or four vehicles, burst into the Guerlain domain in the Yvelines region just before midnight, surprising the guard at the entrance, who was held by two of the gang while the rest stormed the main house.

The gunmen rounded up the family's score of employees and began beating some and threatening others

to gain access to safes. After gathering cash, jewelry, porcelain and silverware, the gunmen opened fire on their way out, hitting the estate manager and Mr. Guerlain, 61. The bullet in his thigh was removed in a hospital in Versailles.

"He was terribly shocked but it is not as serious as we had thought," said Patrick Choel, president of the fragrance division of LVMH Moët Hennessy Louis Vuitton, the luxury goods company that bought the 170-year-old family operation in 1994.

Mr. Choel was with Mr. Guerlain at the launch Thursday of "Guerlainade," a fragrance marking the bicentennial of the birth of the house's founder.

The Guerlain house was opened in 1828 as a maker of perfume and vinegar and found fame by creating Eau Impériale for Empress Eugénie, wife of Napoleon III.

Its most famous classic fragrances are Mitsouko (1919), Shalimar (1925) and Vetiver (1958).

Mr. Guerlain, who followed the family tradition of making perfumes with a natural composition, created a best-seller in 1989 with Samsara, an amber-scented Oriental fragrance.

In standing out against the increasingly high-tech and chemically created products of the global fragrance industry, Mr. Guerlain is regarded as exceptional.

"I look at him with awe and wonder," said Annette Green, president of the Fragrance Foundation, speaking from New York on Friday. "I consider him at the top of Mount Olympus and Guerlain's fragrances as the gold of the industry."

# NATO Action in Kosovo Would Face New Pitfalls

By Steven Lee Myers  
New York Times Service

WASHINGTON — Three years ago, NATO jets pounded Bosnian Serb separatists into submission, bombing their heavy weapons, ammunition depots, supply routes and lines of communication until their leaders agreed to make peace with Bosnia-Herzegovina's Muslims and Croats.

Now, in a neighboring part of the Balkans, the alliance is once again weighing the use of force, this time to stop the crackdown in Kosovo by troops of ramp Yugoslavia against ethnic Albanian separatists.

American and alliance officials say their planning now is focusing on more or less the same strategy that was used in Bosnia.

But while there are similarities between the violence in Kosovo and the war in Bosnia, there are also significant differences. And those differences, when coupled with the political and legal hurdles to any international response to the Yugoslav Army's sweep through Kosovo to put down an internal rebellion, have complicated the military planning, these officials said.

First of all, the Yugoslav Army — successor to the unified armed forces of Yugoslavia before its breakup early in the 1990s — is much better organized, trained and equipped than the Bosnian Serbs ever were, greatly increasing the risk to forces involved in air strikes or any other military action.

Unlike the war in Bosnia, the Yugoslav campaign in Kosovo lacks dug-in front lines separating warring armies.

Many of the forces taking part are Serbian police and paramilitary units. And while the Yugoslav Army has used tanks, helicopters and heavy artillery to shell villages along Kosovo's border with Albania, these forces are not heavily concentrated, and they are steadily on the move.

That, the officials said, would make it difficult, if not impossible, to find and destroy the bulk of the Yugoslav forces — if that is even the objective, which is far from clear. "It's not easy stuff to hit," a military official said Thursday in Brussels.

Also, any attack is unlikely to cut off the supply lines from central Serbia to the Yugoslav forces in Kosovo since there are no natural barriers like rivers separating the rolling hills and broad plains of Kosovo from the rest of Yugoslavia.

By contrast, in Bosnia, alliance commanders contemplated bombing the bridges over the Drina River that linked the Bosnian Serbs to their sponsors in Serbia.

For now the hope is that a strong threat of force alone will be enough to persuade the Yugoslav president, Slobodan Milosevic, to ease the suppression of Kosovo.

The decision Thursday by NATO defense ministers to stage a vast military exercise in neighboring Albania and Macedonia — including simulated air strikes — is clearly meant more as a show of force than practice runs.

"It's not a rehearsal for anything," the Pentagon's spokesman, Kenneth Bacon, said Thursday.

Still, the defense ministers ordered commanders to draw up a series of military options to try to end the conflict, including air strikes and even, in an extreme case, intervention by ground

forces. While NATO could draw upon a broad array of forces in Europe and the United States for any mission in Kosovo, the alliance has learned much from the air strikes and subsequent peacekeeping mission under way next door in Bosnia.

In Luxembourg late last month, alliance foreign ministers ordered military commanders to draw up plans for "preventive deployments" in Albania or Macedonia that explicitly excluded placing troops in Kosovo.

But with the intensification last week of President Milosevic's crackdown in Kosovo, the alliance mandate has now grown to include plans for force on the ground or in the air over Kosovo itself.

The Yugoslav government began its crackdown in February. Since then, according to intelligence estimates, 9,000 to 11,000 Yugoslav troops have surged into Kosovo, backed by 175 tanks, 200 armored personnel carriers and 120 artillery batteries, as well as 7,000 to 10,000 police or paramilitary troops.

By comparison, the Kosovo Liberation Army, the separatist group fighting for independence, is believed to number no more than 2,000.

Although the planning has only just begun, American and alliance officials said NATO was unlikely to order a broad attack on targets across Serbia as a way to punish President Milosevic or to compel him to back down.

## BRIEFLY

### Paris Acts to Drop AIDS-Blood Case

PARIS — The chief prosecutor at a special court here recommended Friday that an appeals court drop charges against three former cabinet ministers in a 1985 contamination of 1,300 people with AIDS-tainted blood.

Jean-François Burgelin called the actions of a former Socialist prime minister, Laurent Fabius; former social affairs minister, Georgina Dufloix; and former deputy health minister, Edmond Hervé, "involuntary and stemmed from negligence rather than malicious intention."

The three were under investigation for "complicity in poisoning," in part for opting not to purchase U.S.-made AIDS test equipment. (AP)

### Turks Say Cyprus Gets Missile Gear

ANKARA — Turkish intelligence officials have learned that radar and control panels for five Russian-made air-defense missile systems have reached the divided Mediterranean island of Cyprus, the Hurriyet daily reported Friday.

But a Greek Embassy spokesman, Nikos Papaconstantinou, said the report was unfounded.

The Turkish newspaper said the parts were transferred from ship to ship in several Mediterranean ports to elude surveillance by Turkey, which has threatened to use force to stop deployment. (AP)

## TRAVEL UPDATE

### Air France Nears Normal

PARIS — Air France said Friday that 88 percent of its long-haul flights would be available Saturday and 95 percent Sunday as the airline recovers from a 10-day pilots' strike.

Domestic and medium-haul services were back to normal Friday at the Roissy-Charles de Gaulle Airport north of Paris and were expected to be fully operational Saturday at the Orly Airport to the south of the capital. (AFP)

### Advance Boarding Falters

WASHINGTON — Advance boarding passes, which once promised to whisk passengers directly from the curb to their airline seat, are falling prey to security roadblocks

and cost-cutting by airlines.

US Airways became the latest airline to end the practice, saying Thursday that it would stop issuing the passes July 7. (AP)

### German Trains Pass Test

HANOVER, Germany — Train traffic was nearly back to normal Friday in Germany, 10 days after the country's worst postwar train crash that officials say killed 100 people.

Twenty-four of the 59 first-generation InterCity Express trains that were pulled out of service for tests of the wheels have been inspected, a railway spokesman in Hamburg said. No defects were found. (AP)

Austrian police on Friday closed the A13 Brenner pass highway linking northern Europe and Italy because of a protest by environmentalists, raising fears of traffic chaos over a long holiday weekend. (AFP)

An air traffic controllers' strike shut down airports in southern Norway on Friday, forcing airlines to bus passengers to Sweden. (AP)

The United States lifted a ban on travel to Indonesia on Friday, allowing embassy employees who left during political turmoil last month to return to the country. The embassy kept in place general warnings on avoiding crowds and hailing taxis off the street. (Reuters)

## WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

### Europe

City	High	Low	High	Low	High	Low
Algeria	27/80	18/64	26/78	16/64	26/78	16/64
Amsterdam	12/53	11/52	16/61	11/52	16/61	11/52
Athens	28/82	18/64	27/81	17/63	27/81	17/63
Berlin	25/77	16/61	25/77	17/63	25/77	17/63
Bombay	23/71	11/52	23/71	10/51	23/71	10/51
Buenos Aires	14/57	7/46	14/57	11/52	14/57	11/52
Burkina Faso	21/70	13/55	21/70	13/55	21/70	13/55
Burundi	19/58	9/48	19/58	9/48	19/58	9/48
Cameroon	27/80	18/64	27/80	18/64	27/80	18/64
Canada	11/52	3/28	11/52	3/28	11/52	3/28
Chad	25/77	16/61	25/77	16/61	25/77	16/61
Cote d'Ivoire	27/80	18/64	27/80	18/64	27/80	18/64
Cuba	13/55	9/48	13/55	9/48	13/55	9/48
Czechia	11/52	3/28	11/52	3/28	11/52	3/28
Dominican Republic	27/80	18/64	27/80	18/64	27/80	18/64
DRC	19/58	9/48	19/58	9/48	19/58	9/48
Egypt	25/77	16/61	25/77	16/61	25/77	16/61
France	11/52	3/28	11/52	3/28	11/52	3/28
Germany	11/52	3/28	11/52	3/28	11/52	3/28
Ghana	25/77	16/61	25/77	16/61	25/77	16/61
Greece	28/82	18/64	28/82	18/64	28/82	18/64
Haiti	25/77	16/61	25/77	16/61	25/77	16/61
India	25/77	16/61	25/77	16/61	25/77	16/61
Indonesia	25/77	16/61	25/77	16/61	25/77	16/61
Italy	11/52	3/28	11/52	3/28	11/52	3/28
Japan	11/52	3/28	11/52	3/28	11/52	3/28
Kenya	25/77	16/61	25/77	16/61	25/77	16/61
Madagascar	25/77	16/61	25/77	16/61	25/77	16/61
Mali	25/77	16/61	25/77	16/61	25/77	16/61
Mexico	11/52	3/28	11/52	3/28	11/52	3/28
Morocco	25/77	16/61	25/77	16/61	25/77	16/61
Mozambique	25/77	16/61	25/77	16/61	25/77	16/61
Nigeria	25/77	16/61	25/77	16/61	25/77	16/61
Poland	11/52	3/28	11/52	3/28	11/52	3/28
Romania	11/52	3/28	11/52	3/28	11/52	3/28
Russia	11/52	3/28	11/52	3/28	11/52	3/28
Senegal	25/77	16/61	25/77	16/61	25/77	16/61
Sierra Leone	25/77	16/61	25/77	16/61	25/77	16/61
Slovakia	11/52	3/28	11/52	3/28	11/52	3/28
Slovenia	11/52	3/28	11/52	3/28	11/52	3/28
South Africa	25/77	16/61	25/77	16/61	25/77	16/61
Spain	11/52	3/28	11/52	3/28	11/52	3/28
Sweden	11/52	3/28	11/52	3/28	11/52	3/28
Switzerland	11/52	3/28	11/52	3/28	11/52	3/28
Tanzania	25/77	16/61	25/77	16/61	25/77	16/61
Togo	25/77	16/61	25/77	16/61	25/77	16/61
Tunisia	25/77	16/61	25/77	16/61	25/77	16/61
Turkey	25/77	16/61	25/77	16/61	25/77	16/61
Uganda	25/77	16/61	25/77	16/61	25/77	16/61
Ukraine	11/52	3/28	11/52	3/28	11/52	3/28
USA	11/52	3/28	11/52	3/28	11/52	3/28
Zambia	25/77	16/61	25/77	16/61	25/77	16/61
Zimbabwe	25/77	16/61	25/77	16/61	25/77	16/61

### North America

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## North America

Very warm and humid in the Southeast with sun-  
shine Sunday to Tuesday.

Unsettled with showers  
and thunderstorms from  
the southern Plains to the  
Midwest and the Ohio Val-  
ley, some locations may  
have heavy downpours.

Severe weather is likely  
and dry and nice in the  
Northeast.

## Europe

Cool with rain in  
Paris as the storm  
day and night.

It is likely that  
Europe will have  
cool showers and  
with rain Sun-  
day and Mon-  
day.

With so much  
through the  
rain is likely  
dry and nice in  
Moscow.

Legend: Warm, cloudy, rainy, snowy, stormy, severe.

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# New Republic Details Extent of Rogue Reporter's Fictional Writing

By Howard Kurtz  
Washington Post Service

WASHINGTON — The New Republic has finished sifting through the journalistic wreckage left behind by Stephen Glass, and the findings are not pretty: Two-thirds of the 41 stories he wrote for the magazine were at least partly fabricated.

Six articles — three of which the magazine had already acknowledged as fake — "could be considered entirely or nearly entirely made up," the New Republic says in next week's issue.

Many others were "a blend of fact and fiction," the magazine said. "We offer no excuses for any of this, only our deepest apologies to all concerned."

Mr. Glass did not contest the findings and apologized this week in a private letter to the magazine's editor, Charles Lane, and the owner and editor-in-chief, Martin Peretz. Mr. Lane said Thursday.

Since being fired as associate editor last month, Mr. Glass, 25, has told two acquaintances that he is under a suicide watch, accompanied by

someone at all times. "I'm going through this process of trying to figure myself out," he told one.

Mr. Glass's attorney, Gerson Zweifach, said his client had no immediate plans to offer a public explanation. He said Mr. Glass "has asked me to cooperate with the New Republic and George and provide them with any information they need to make whatever they write about his work as accurate as possible." George magazine has said Mr. Glass used two fabricated quotes in a profile of Vernon Jordan.

"We are doing what we can to set the record straight and lay out the facts so people can make up their own minds," said Mr. Lane, who examined Mr. Glass's pieces with six other editors. "We have never tried to deny that anything was wrong." He blamed Mr. Glass's successful fakery on "malfunctioning BS detectors on the part of the editors and a person whom we trusted who turns out not to be worthy of trust."

"Hey, we should have done a better job," Mr. Lane said. "There's no way around that."

The sheer breadth of Mr. Glass's deceptions is

stunning, his stories bursting with too-good-to-be-true anecdotes that were just that.

The New Republic offered several examples of Mr. Glass's fiction writing in the 27 discredited pieces since late 1996. In "Peddling Poppy," an account of a Hofstra University conference on the Bush presidency, Mr. Glass

**Stephen Glass's stories, bursting with too-good-to-be-true anecdotes, were just that.**

invented the following: "The First Church of George Herbert Walker Christ"; "Mary Ung" of the "Committee for the Former President's Integrity"; and "a small sky-diving industry newsletter" called "Jump Now."

M. Glass had "Ung" begging reporters to cover a "sad little tableau" of five children in wheelchairs — one white, two Asian, two black — meant to symbolize the Americans With

Disabilities Act. When the white child leaves, "Ung" says, "Oh, my God. I need a white person." Then asks Mr. Glass to get in the wheelchair and hold the American flag.

In "Don't You D.A.R.E.," an examination of an anti-drug program, Mr. Glass "fabricated some of the persons who purportedly had negative experiences" with D.A.R.E. These included "James, a television news producer" and "Daniel, a young professor at an Illinois college" who "asked that his last name not be used, since he is up for tenure" and "nervous about adverse publicity." Also nonexistent were an "NBC employee" and a "Justice Department official."

"Anatomy of a Policy Fraud," while containing largely "valid reporting" on the Clinton administration's crime initiatives, used such made-up sources as the "Cops & Justice Foundation," a supposed Republican poll on crime; "Donny Tye, a former California police officer," and a "senior Justice staffer."

The magazine offered few details about the six articles deemed to be wholly or largely fabricated. In "Clutch Situation," soon after the

Monica Lewinsky story broke, Mr. Glass described one White House intern, who "begged not to be identified," whipping out a napkin with President Bill Clinton's autograph to impress women. He also described a scene at Cines in the Adams Morgan neighborhood of Washington: "Three twentysomethings sit hunched over a small table, taking frequent drags on Camel Lights, nursing vodka martinis, and feverishly speculating about the details of President Clinton's sex life."

In "All Wet," an essay on global warming, Mr. Glass invented such groups as "Climate Lookout," "Truth in Science" and the "Association for the Advancement of Sound Water Policy." In an ironic twist, he said he had called the association "and asked them to explain the dangerously low rainfall in Werty, Iowa — a fictitious town."

How could all this have happened? Mr. Lane says Mr. Glass "deliberately deceived the fact-checkers" with forged notes, fabricated documents, fake press releases and, in one case, a bogus Web site.



Activists in Manila protesting U.S. influence in the country during the anniversary celebrations Friday.

## Philippines Marks 100th Anniversary

The Associated Press

MANILA — As brass bands played, President Fidel Ramos jubilantly waved a Philippine flag from a balcony Friday in a re-enactment of the country's declaration of independence from Spain 100 years ago.

Church bells pealed throughout the Philippines and government offices offered free food as Filipinos commemorated the climax of Asia's first revolution against Western colonial rule.

Mr. Ramos urged the nation to use its hard-won independence as an inspiration in overcoming the impact of the Asian financial crisis.

"We have successfully won back the dignity of our race and respect for our

country," said Mr. Ramos, whose term ends June 30.

Mr. Ramos waved the flag from the balcony of a house in Kawit town in Cavite Province, south of Manila, where the revolutionary leader General Emilio Aguinaldo proclaimed independence on June 12, 1898. The Philippines had been a Spanish possession since 1565.

More than 30 countries sent representatives to join the celebration, which included a fireworks display over Manila Bay.

Leftist groups under the New Patriotic Alliance planned an "alternative" celebration with a protest march to the U.S. Embassy. Leaders of the alliance said they wanted to highlight the

United States' subsequent takeover of the Philippines.

In 1892, Filipino nationalists established a secret society called the Katipunan, which prepared for armed rebellion against Spain. The revolt erupted four years later and spread rapidly through much of the country.

Spain, unwilling to hand over power to the Filipino revolutionaries, ceded the country to the United States for \$20 million in December 1898.

The following year, hostilities broke out between Filipinos and U.S. forces sent to occupy the new colony.

The United States formally granted the Philippines independence in 1946, but American influence remains strong.

## David English Dies; Editor of Daily Mail

By Youssef M. Ibrahim  
New York Times Service

LONDON — Sir David English, 67, considered one of Britain's most astute journalists, who transformed The Daily Mail into a highly influential tabloid and redefined Fleet Street standards for editing and reporting, died of a stroke Wednesday.

Sir David was editor of The Daily Mail for 21 years. An ardent supporter of Prime Minister Margaret Thatcher, he was knighted by her in 1982 and was to have been made a life peer Saturday.

He had a reputation for ruthlessness and zealous news coverage that stemmed from his days as a young reporter, when he once stole mailbags from the state-owned British Rail for an article about its sloppy security.

Sir David joined The Daily Mail's parent, Associated Newspapers, in 1969. He became editor in 1971, and in 1992 he was appointed overall editor of the newspaper company, which also owns The Mail on Sunday and The Evening Standard.

He started his journalism career as a copy boy for a local paper, The Bournemouth Evening Echo. His big breaks came as a foreign correspondent for The Sunday Dispatch, where he was remembered for breaking a story about Errol Flynn's sex life.

By age 30, he was Washington correspondent for The Daily Express, which later named him chief U.S. correspondent and eventually promoted him to foreign editor.

In 1968, he was recruited to be editor of The Daily Sketch, which was merged with The Daily Mail a few years later.

Sir David made his mark by engineering the paper into a tabloid to serve what he called "Middle England," the sort of silent majority of the British populace with which he most closely identified.

Catherine Cookson, 91,  
Author of 100 Novels

LONDON (AP) — Dame Catherine Cookson, 91, whose novels about working-class hardships in 19th-century England made her one of Britain's most popular writers, died Thursday.

She was the author of 100 novels that combined sold more than 100 million copies in 18 languages. Among the most popular of her books are "Kate Hannigan," "Bill Bailey," and the "Mallin" trilogy.

Thomas Narcejac, 89, co-author with Pierre Boileau of more than 40 best-selling thrillers, died in Paris. Their best-known works were "The One Who Passed Away" and "Death's on the Trip." (AP)

## Away From Politics

• The U.S. Air Force says it has successfully conducted its first tests of a laser designed for warplanes to shoot down ballistic missiles, an important first step toward an airborne defense system within a decade. (AP)

• A dozen climbers were caught in an avalanche nearly 12,000 feet up Mount Rainier, and six of them were unable to stop their falls. One person was killed and five were injured. The man who died had fallen the farthest and spent several hours dangling by a rope off a rock formation called Disappointment Cleaver. (NYT)

• A man who killed two people in robberies in 1986 was executed on his 33d birthday in Huntsville, Texas. Clifford Boggess smiled, greeted witnesses with a cheerful "Hi!" and apologized for the murders before he was given a lethal dose of drugs. (AP)

• Direct humanitarian aid from the United States arrived in Cuba for the first time in two years when a DC-6 propeller plane chartered by Catholic Relief Services landed in Havana with about \$800,000 worth of medicines and medical supplies. (AP)

• Jet Skis and other so-called personal watercraft have been prohibited within 1,200 feet of shore in 11 areas in the Florida Keys from Key Largo to Key West because of the noise and the danger to wildlife. (AP)

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## POLITICAL NOTES

### Don't Say the Lawyers Didn't Warn Her

WASHINGTON — Lawyers for Paula Jones pleaded with her last summer not to reject a proposed settlement of her sexual misconduct lawsuit against President Bill Clinton, warning that she was risking "devastation" in pursuing a claim that would sully her reputation, ultimately fail and "snatch defeat from the jaws of victory."

Mrs. Jones went ahead with the lawsuit after replacing the lawyers, Gilbert Davis and Joseph Cammarata, whose advice, in a letter on Aug. 19, was made public Thursday in a federal court in Arkansas.

They warned her that if she turned down an unofficial proposal for a payment of \$700,000 from Mr. Clinton, her motive would seem to shift from defending her own reputation to proving that "Clinton is a bad person."

In retrospect, the letter provides a study in the might-have-beens of the sensational lawsuit, which, as Mrs. Jones had been warned, was subsequently dismissed, but not before it sparked the more explosive Monica Lewinsky investigation into sex and perjury charges that now haunts the president.

Mrs. Jones's lawyers set out a variety of reasons why she should accept the settlement, and the "grim consequences" if she refused. After weeks of salacious charges and leaks damaging to the president, the lawsuit was dismissed on April 1. (NYT)

### Shoot the Messenger

WASHINGTON — Eager for even-better economic news to bolster their case for

passing a large tax cut this year, Speaker Newt Gingrich and other Republican leaders in the House are putting pressure on Congress's own budget forecaster to produce rosier estimates of future surpluses.

House leaders are furious about past miscalculations by the Congressional Budget Office that seriously overstated the size of the federal deficit and failed to predict the current surge of surplus revenue. They said that agency officials must revamp their outdated models for forecasting economic growth by this summer, when Congress and the administration begin negotiating a budget and tax package, or face retaliation.

"When a team bats zero, you get new players," the House majority whip, Representative Tom DeLay, Republican of Texas, said Thursday.

Caught in the fire is the office's director, June O'Neill, a mild-mannered former New York City college economics professor who was handpicked by the House Budget Committee chairman, Representative John Kasich, Republican of Ohio, nearly four years ago to fill the post. Ms. O'Neill, whose term expires in January, said that although she would consider recommendations from Mr. Gingrich and others about altering the office's approach, "The final judgment of what we do has to be independently arrived at, or it's worthless." (WP)

### Quote/Unquote

Senator Michael Enzi, Republican of Wyoming, as the Senate rejected a Republican proposal to limit to \$1,000 an hour the fees that lawyers could collect from successful lawsuits against tobacco companies: "A thousand dollars an hour! There are a lot of people in my state who don't make that much in a month." (NYT)

## Golf Cart? Buckle Up

The Associated Press

WASHINGTON — The golf carts that have become popular with the elderly for short local trips will soon have to have seat belts and other safety features. But the National Highway Traffic Safety Administration says carts used on actual golf courses will be exempt.

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# Unwanted War: A Minor Dispute Over Land Traps Eritrea and Ethiopia

By James McKinley Jr.  
New York Times Service

NAIROBI — The undeclared border war between Eritrea and Ethiopia is a bewildering study in contradictions.

It is a war that the heads of state of both countries insist they do not want. And it was set off by a minor land dispute that both sides agree could easily be settled by historians and map experts.

Yet, neither Prime Minister Meles Zenawi of Ethiopia nor President Issaias Afewerki of Eritrea appears able to stop the bloodshed.

With each passing day, the battle has widened. The attempts by the United States and several African leaders to head off a full-scale conflict have so far been drowned out by artillery exchanges, tank battles and air raids.

Both countries have portrayed themselves as the passive victims of an aggressive neighbor bent on grabbing land militarily.

The two heads of state have blamed each other for each of the clashes over the last week.

At the heart of the dispute are several pieces of land inside what Eritrea considers its national

boundaries that once belonged to the Ethiopian administrative province of Tigre before Eritrea became independent in 1993.

Eritrea maintains that local Tigrean officials have been trying to colonize these areas over the last year, sending thousands of Ethiopian settlers over the border, pushing Eritreans out and setting up local governments.

In early May, thousands of Eritrean troops moved into one of these border towns, Badame, after a clash between a Eritrean patrol and Ethiopian police set off the current crisis.

For its part, Ethiopia denies that these regions ever belonged to Eritrea and has accused Eritreans of occupying its territory around Badame illegally since early May.

"Before we sit in any kind of negotiations, Afewerki has to withdraw," said a spokeswoman for the Ethiopian government, Selome Tadesse. "Why should Meles be expected to negotiate when he's under occupation?"

Last week, both sides accepted in principle the outlines of a four-point peace proposal made by the United States and Rwanda. But the Eritreans

have balked at the first step of the plan, which calls for their troops to pull back to positions they held before May 6.

Still, both sides seem to agree on the other proposals to demilitarize the border, to put a small observer mission from a third country in Badame and to ask for a technical team, perhaps from the United Nations, to demarcate the frontier once and for all.

"We need to agree on the demarcation of the border line, which is a very simple thing which could be done by any technical team or body," Mr. Afewerki said in an interview with the BBC.

"We believe that for that to happen we need to demilitarize the areas of tension, which would also be done with the involvement of observers."

The Organization of African Unity has signed on to the U.S.-Rwandan peace plan, urging both sides to accept it. Egypt has offered to mediate the dispute. There seems to be no shortage of countries willing to lend a hand with troops or observers.

President Bill Clinton has telephoned both leaders, urging them to "de-escalate the ten-

sion," American officials said.

His words should have carried weight. Both countries are close allies of the United States and have received American military training and assistance.

Why then is the fighting continuing? In many ways, this border war is a family dispute. Once considered close allies and friends, Mr. Meles and Mr. Afewerki are both from the Tigre ethnic group, which straddles the border of the former Italian colony of Eritrea and the Ethiopian province of Tigre.

Both men headed rebel movements that drew their core fighters from the Tigre and fought side by side for years to oust the Marxist dictator, Mengistu Haile Mariam, who went into exile in 1991.

In 1993, Mr. Meles agreed to Eritrean demands for a referendum on independence, a political decision that left Ethiopia landlocked but repaid Mr. Afewerki and his followers for their support during the civil war. The two governments never signed an agreement on a common border, though.

The trouble has arisen because some hardliners in Mr. Meles's movement, the Tigre

People's Liberation Army, have a vision of a greater Tigre that includes some lands in what Eritrea considers its territory, diplomats said.

The first problems arose in August 1997, when Ethiopian officials set up an administration in a region known as Bada.

Several skirmishes followed, and a joint commission was set up to hammer out a border pact.

But the situation degenerated rapidly in early May, when an Eritrean general, Gerzgiher Tesfamariam, decided to respond with huge force to the skirmish at Badame on May 6, in which an Eritrean officer was killed.

That decision put Mr. Meles, whose mother is Eritrean, in a delicate political position. Having allowed Eritrea to go its own way, the prime minister was vulnerable to accusations from southern politicians that he was too soft on Ethiopia's northern neighbor.

To these constituents, he has had to prove he has Ethiopia's interests at heart, diplomats say.

At the same time, Mr. Meles's hard-line supporters in Tigre are pressing demands that he recover what they consider to be traditional Tigrean lands.

## As Prisoners Are Freed In East Timor, Soldiers Quell Jakarta Protest

By Cindy Shiner  
Washington Post Service

DILI, East Timor — A dozen East Timorese political prisoners were freed here Friday, and security forces in the Indonesian capital broke up a demonstration by activists calling for the right of self-determination for East Timor.

The prisoners raised their fists in the air as they left the Beora prison and vowed to continue resistance to Indonesian rule. Indonesia invaded East Timor, a former Portuguese colony, in 1975 and annexed it the following year.

In the Indonesian capital, Jakarta, several hundred troops charged at about 1,000 demonstrators who were demanding a referendum on East Timor. Security forces beat some of the protesters

with truncheons, and demonstrators retaliated by throwing rocks and bottles. Reports said two protesters and a soldier were injured.

The demonstrators were herded onto about 15 buses and escorted away. An undetermined number were being held for questioning.

In Dili, about 100 students at the University at East Timor staged their own demonstration. They shouted "Viva East Timor" and said they hoped to gather thousands of students from around the territory for a protest on the campus in Dili on Saturday.

The repression of the demonstration in Jakarta and the release of the political prisoners in Dili reflects the new government's confusion, or division, over the best way to move forward in Indonesia's new era of reform. The civilian president, B.J. Habibie, and the military that backs him are grappling with opening the country to more freedom, while trying to keep a lid on discontent that could seriously challenge the new government's authority.

How Mr. Habibie and the military deal with the East Timor problem is crucial in determining how foreign powers will assess the government's commitment to cleaning up its human rights record and its commitment to democratic reform.

The former president, Suharto, who stepped down last month after 32 years in power, brutally suppressed dissent in East Timor and throughout Indonesia. More than 100,000 people are thought to have died over the past 23 years as Indonesian troops attempted to crush a rebellion by the armed wing of the Fretilin movement. Only pockets of resistance remain, but human rights workers tell of continued abductions, torture and intimidation of civilians.

"It's only Suharto who is gone, not the regime," said a human rights worker in Dili. "We hope that during the era of reform that the situation in East Timor will change. The military is still in East Timor, and when people see them they're afraid."

Still fresh in the memories of activists in Dili is the massacre of at least 50 demonstrators in 1991. The killings brought widespread international condemnation against Indonesia and led the United States to suspend most of its military assistance to the Suharto government.

Mr. Habibie has said he would be willing to grant special status to East Timor, but activists in Dili say that this is akin to Mr. Suharto's integrationist policy and that they want nothing less than the right to determine their own future.

The former regime feared that giving independence to East Timor would inspire separatist sentiment among other disgruntled groups across the vast archipelago. People in the regions of Aceh and Irian Jaya have waged their own struggles against the administration in Jakarta.

The governor in Dili, Abilio Jose Osorio Soares, has called for dialogue and said he plans to meet with imprisoned East Timorese resistance leader, Xanana Gusmao, in Jakarta.

On the other hand, the governor was quoted in a local newspaper as saying that demonstrations were counterproductive and that there were better ways for people to air their views.

"Everyone can express their aspirations, because the door of the governor is always open, as long as it is not based on emotional hatred," Suara Timor Timur quoted him as saying.



A daughter of one of four men killed in a raid by Eritrean planes and helicopters lamenting her loss at her home Friday in Adigrat, Ethiopia.

## Ethiopians Fear New Raids

After Eritrean Attack, People Flee Town or Hide at Home

ADIGRAT, Ethiopia — This Ethiopian mountain town was almost deserted Friday, a day after a bombing raid by Eritrea that residents said killed at least four people and wounded 30.

Most inhabitants, fearing further attacks, have fled to surrounding villages, officials said, while those still here huddled in their houses.

Probably hundreds have died in the border conflict between the neighbors that started on May 6 and escalated June 5 with a series of air raids.

A third front opened Thursday close to strategic Red Sea shipping routes when both sides reported fighting about 70 kilometers (45 miles) from the port of Assab.

Mediation by the United States and Rwanda appeared to be stalled, diplomats said, as another evacuation flight for foreigners prepared to leave the Eritrean capital, Asmara.

An Ethiopian spokeswoman, Selome Tadesse, said Ethiopia had

captured two Eritrean tanks, three anti-aircraft guns and destroyed two tanks and an anti-aircraft gun Thursday in fighting on the Sheraro and Badame front.

In a further sign of deteriorating relations between the two countries, Ethiopia asked selected members of Eritrean political and community organizations to leave. The spokeswoman told reporters that some of them had been involved in espionage and fundraising for Eritrea's war effort.

Eritrean managers in "security sensitive" posts, such as telecommunications and power generation, would go on one month's enforced leave, while Ethiopia-based leaders of the ruling Eritrean People's Liberation Front would have to leave.

She said their families could stay and their property would not be confiscated. Trade sources said those who were asked to leave included about 70 prosperous Eritrean businessmen. Ethiopia this week accused Eritrea of expelling 3,000 of its citizens.

## Murdered Journalist Gets Moscow's Attention

By Celestine Bohlen  
New York Times Service

MOSCOW — For several years Moscow-based journalist rights groups have pressed the government to help Larisa Yudina, a newspaper editor in the southern region of Kalmykia who suffered repeated harassment by local authorities, in clear violation of Russia's press law.

But it was only this week, after Mrs. Yudina, 52, had been found slain beside a pond outside the city of Elista, that Moscow took note of the warnings that the only opposition newspaper in the region was in serious danger.

After Mrs. Yudina's body, with a fractured skull and knife wounds, was identified late Monday night, Interior Minister Sergei Stepashin said the murder was clearly a contract killing and "in essence" political.

In a report delivered Thursday to the State Duma, an official from the chief prosecutor's office said three suspects being held in the case had links to the

local government headed by Kirsan Ilyumzhinov, one of the most flamboyant regional potentates in Russia.

For those who have closely followed Mrs. Yudina's battle with Kalmyk authorities, those conclusions had a familiar ring.

"For three years we have been telling federal authorities about the total violation of Russia's press law in Kalmykia," said Pavel Gutontov, chairman of the Journalists Rights Committee. "And in all these years the federal authorities have done nothing. Nobody wanted to get involved. It is all very well to say fine words about freedom of the press, but this could only happen because of a lack of political will in Moscow."

Late last year the Glasnost Defense Fund, a private group that defends press freedom in Russia, published a booklet that identified 10 violations of the press law by Kalmyk authorities in their dealings with the newspaper Soviet Kalmykia.

"There was no reaction," not even from Mrs. Yudina's colleagues, according to the president of the fund, Aleksei Simonov. "That is the great problem in this country where a person who is to be heard has to be silenced first."

Other regional governments have also suppressed opposition newspapers with impunity, Mr. Simonov said, pointing to the case of Bashkortostan. There the local president, Muraza Rakhimov, is running virtually unopposed for re-election Sunday, after three rival candidates were removed from the ballot for technical reasons.

Mrs. Yudina came under pressure from Kalmyk authorities for her investigations into the business dealings of Mr. Ilyumzhinov's government, in particular his plan to create an offshore zone in the republic, which is on the steppes north of the Caspian Sea and has a mostly Buddhist population of 320,000.

Mrs. Yudina, who worked at Soviet Kalmykia in the Soviet era, had become

the lone public voice of opposition in Kalmykia in recent years, after Mr. Ilyumzhinov's election in 1993. The worst harassment occurred soon after the election, when someone fired a pistol at the newspaper office. Mrs. Yudina's apartment was set on fire.

Later the newspaper was pushed out of its printing plant and had to find plants in neighboring regions. Copies were distributed from Mrs. Yudina's car. The newspaper's assets were seized after it had been sued for publishing derogatory remarks about a distinguished Kalmyk poet, and its offices were sealed.

"She published very harsh criticism, which was very one-sided," said Erdai Shamakov, chief editor of Izvestia Kalmykii, which is loyal to the local government. Mr. Shamakov said he doubted that the killing was political.

Mrs. Yudina had recently become a local co-chairwoman of a national liberal party headed by Grigori Yavlinsky, who this week called her the victim of a political assassination.



A barbed-wire fence on the border of Kosovo and Albania framing a scene of refugees fleeing Serbs on Friday.

## MINES: Sealing Off Kosovo

Continued from Page 1

to smuggle in fighters and some weapons.

The news of the land mines came from intelligence reports and witnesses. The mines are being planted in an area left vacant by the Yugoslav shelling of scores of towns and villages in Kosovo.

What remained was razed, leaving an unpopulated swath. Military observers said that the planting of mines would help ensure that the area remained a desolate buffer zone between Albania and Serbia.

"In military terms, mining the border region makes sense," said a European military official.

"The KLA is pouring men and weapons into Kosovo from Albania. If the zone is emptied of civilians and covered with land mines, this will impede the movement of the guerrillas and make it harder for the rebels to use Albania as a sanctuary."

The laying of land mines follows two weeks of an intensive anti-insurgency campaign by Serbs to clear an area along the Albanian border.

As many as 80,000 people have been sent fleeing by the shooting, the destruction of towns and the daily shelling by artillery on nearby hills.

President Milosevic appears to want to empty the border town of Djakovica, where the population of 60,000 has been doubled by an influx of ethnic Albanians from surrounding villages.

The Serbs have ringed Djakovica with checkpoints and cut phone communication and most food supplies, according to diplomats who have been able to visit the area.

There has been heavy shelling of the villages around the city for two days, with large shells slamming into areas just a mile from the town.

"This is the tactic used to empty the other population centers," a European military observer said.

"But Djakovica may be the final straw. If the Serbs attack Djakovica, they will create another 120,000 refugees. This may be too much for NATO to swallow."

## KOSOVO: Immediate End to Serbian Attacks Is Demanded by 8 Major Powers

Continued from Page 1

geni Primakov, said that his country remained opposed to such actions, but Hubert Vedrine, his French counterpart, said, "I think the Russian position is not yet their last word."

The United States maintains that existing UN resolutions on the former Yugoslavia provide sufficient authority for any military intervention that may be decided.

Mr. Vedrine emphasized the importance of keeping Russia, a traditional ally of Serbia, in the emerging international consensus that the world may have to step in to stop the fighting from spilling over into the rest of the Balkans if Mr. Milosevic does not quickly respond.

Russia agreed to a warning issued

by the group that, if international demands were not met, there would be "moves to further measures to halt the violence and protect the civilian population, including those that may require the authorization of a United Nations Security Council resolution."

"We're all working together as much as we can on this," said the U.S. secretary of state, Madeleine Albright.

NATO defense ministers decided Thursday to draw up military plans for intervention, including possible air strikes against strategic military targets in Serbia, and scheduled a large demonstration of NATO air power across the border from Kosovo in Albania and Macedonia that could also take place next week.

The British Defense Ministry said Friday that the exercise could involve some 40 aircraft from more than six North Atlantic Treaty Organization countries, including Britain and the United States. Russia said it would not participate.

Besides the United States and Russia, Britain, France, Germany, Italy, Japan and Canada joined in the statement Friday. All except Russia and Japan have banned investment in Serbia and frozen Serbian funds held in their countries, and added an additional sanction Friday by banning flights by Yugoslav airlines to their territory.

Japan, but not Russia, supported the ban and said it would consider similar action.

With Mr. Rugova, the ethnic Al-

banian leader in Kosovo, here for talks with some of the foreign ministers, the group also said that it expected him to make it clear that he rejected violence and acts of terrorism and said it was essential that "Kosovo Albanian extremists" refrain from violent acts that the Serbs could use as a pretext for continuing their offensive.

Mrs. Albright and the other ministers made it clear that they believed Mr. Milosevic, not Mr. Rugova, was at fault for the premature suspension of negotiations that had been arranged last month by a U.S. special envoy, Richard Holbrooke.

Asked for his reaction to the NATO decisions earlier this week, Mr. Rugova said, "I asked for more, but this is all right."

## Woman Dies Imitating 'Titanic' Movie Scene

The Associated Press

OSLO — A Norwegian woman imitating a scene from the movie "Titanic" lost her grip on a ship's railing and plunged into the ocean off western Sweden, where she vanished and is presumed dead, an Oslo newspaper reported Friday.

The woman, identified only as being in her 30s, was aboard the ferry Queen of Scandinavia on an overnight run from Oslo to Copenhagen when she climbed over a railing and hung outside the ship. She plunged 20 meters into the ocean off Varberg on Thursday.

The newspaper Dagbladet, citing witnesses and a friend of the woman, said she had talked about the "Titanic" scene, and then set out to imitate it.

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## BRIEFLY

**Survivors of Cyclone In India Hunt for Food**

BOMBAY — Poor villagers in western India, the shell-shocked survivors of a cyclone that killed at least 735 people, streamed out of their flattened towns on Friday in a desperate search for food and water.

As people fled down mud-choked roads, the bloated corpses of unclaimed victims were burned in a mass cremation because they could not be preserved for identification by relatives. Many of the victims of Tuesday's cyclone were salt miners whose families lived far away.

The government decision to burn the bodies violated the Hindu tradition of allowing the eldest son of the deceased to light the pyre.

According to the Taipei City Health Bureau, as of Thursday, some 1,200 children may have been infected, with 148 hospitalized.

**Rain Stalls Afghan Aid**

FAIZABAD, Afghanistan — Bad weather hampered delivery for the second day on Friday of urgently needed food for thousands of victims of Afghanistan's devastating earthquake, aid workers said.

Low clouds and continuous rain prevented four helicopters being used by international relief agencies from reaching 50 villages flattened by the earthquake on May 30.

United Nations officials said that residents of remote villages had been supplied a week ago with food for seven days, but that the weather had prevented delivery of a second week's supply.

The earthquake killed from 3,000 to 5,000 people and affected up to 70,000 in the Badkhashan and Takhar provinces.

The United Nations says it has had great difficulty finding helicopters to deliver aid.

**2 More Children Die In Taiwan Epidemic**

TAIPEI — A deadly virus claimed the lives of two more Taiwan children on Friday, pushing the death toll from the epidemic to 34.

Hsu Kuo-hsiung, acting director of the Bureau of Communicable Disease Control, said one child had died on Friday, killed by suspected enterovirus.

State television later quoted a hospital source as saying a second child had died in Tainan in southern Taiwan.

**For the Record**

Prime Minister John Howard of Australia said Friday that the outcome on Saturday of the Queensland state election, where his conservative allies are expected to take a beating, would not have an impact on the timing of national elections.

**Laureate Fears More of the Same in Nigeria**

By Serge Schmemmann  
New York Times Service

JERUSALEM — His greatest fear, said Wole Soyinka, the Nigerian Nobel laureate and ardent foe of military rule, is that with the death of one tyrant, the world will not press for the entire junta to step aside.

"The danger is that the international community will make the same mistake it has made over and over again, saying that this change 'augurs well,' that it 'has certain possibilities,'" Mr. Soyinka said on his way to the airport after a visit to Israel.

The successor to General Sani Abacha as head of the government, General Abdulsalam Abubakar, simply appears to be trying to keep the junta in power, he said. "I know with certainty that the military council will carve up power among themselves," Mr. Soyinka said. "They are several petty tyrants, of whom this man is only the effective head."

The only route, he said, was for the military to release political prisoners and open talks with the opposition, most of whose members were in prison or in exile.

"It is obviously a critical moment, but only because it offers the military an opportunity to disassociate themselves from events of the past years, and take the kind of action which has not been taken since they annulled the elections of June 1993," Mr. Soyinka said. The anniversary of the elections,

on Friday, was to serve as the occasion for demonstrations and perhaps a showdown with the government.

"Unfortunately," Mr. Soyinka said, "I feel what the military council wants to do is to buy time to resume in some form or another their control over the political destiny of the nation."

"Nothing effectively has changed in terms of the restoration of power to the people of Nigeria, and this is the bottom line," Mr. Soyinka, who is a moral voice for the dissident movement, said.

The writer, winner of the Nobel

Prize in Literature in 1986 and formally, at least, an exile from his native country since December 1994 — formally, he said, because he has managed to sneak in and out at times — was at Hebrew University here reading a lecture when he learned that General Abacha, head of Nigeria's military government, had died.

"I had just finished my usual analysis of the evils of Abacha's regime," Mr. Soyinka said with a chuckle, "when somebody came at the reception and asked for a comment

about Abacha's death."

Mr. Soyinka was interviewed on his way to the airport for a flight to London, where he planned to meet other members of the exile opposition. He said about 500 active members lived abroad, and at least 300 other opponents of the regime were in Nigerian prisons.

Mr. Soyinka himself spent nearly two years in Nigerian prisons, producing a body of poems. He was charged in absentia with treason last March.

"Our program is to strengthen all structures, all structures of opposition, to make sure we're not caught with our pants down," he said.

Mr. Soyinka said the "most rational direction" for the military leaders would be to place the apparent winner of the 1993 election, Chief Moshood Abiola, at the head of a government of national unity and to hold elections to a new national assembly.

The 1993 elections were annulled by the military, evidently because of their unhappiness at the election of Chief Abiola, who would have become head of a civilian government. He was later jailed for proclaiming himself president.

Before his death, General Abacha was preparing for elections this summer and a government transition Oct. 1, but the process was broadly denounced as a ploy to keep him in power. So far, Mr. Soyinka said, General Abubakar has spoken only of continuing that process.

**LAGOS: The Police Break Up Protests**

Continued from Page 1

Mr. Fawehinmi has been detained before and released, but his arrest Friday was sure to deal another blow to an opposition already weakened by the imprisonment or exile of most of its main leaders.

In the Yaba district on the city's north side, several vehicles filled with riot police roared into position Friday to block 300 protesters from marching toward the area's main bus terminal. The police fired bullets and tear gas, sending demonstrators scurrying for cover.

Another 500 to 600 activists were dispersed with tear gas, witnesses said. A man dressed in a coat and tie was held by one policeman while another kicked and slapped him from

behind.

"This is not about Abacha or about Abubakar," said a University of Lagos student, Dele Alabai. "It is a struggle for democracy."

The protests were organized months ago to mark the five-year anniversary of the annulment of Nigeria's last presidential elections on June 12, 1993, and to call for freedom for Mr. Abiola, the imprisoned billionaire businessman believed to have won the vote.

But the demonstrations took on an added significance, coming only days after General Abubakar was appointed leader of this oil-rich but impoverished West African country. General Sani Abacha, notorious for his brutal and oppressive rule, died Monday of a heart attack.

**CHINA: Gearing Up for Clinton**

Continued from Page 1

political spectrum here seem to welcome the visit to the square. They believe it could bolster China's standing in the world and could nudge China's leadership toward a reappraisal of the crackdown.

They also say that Mr. Clinton's entire visit to China is more important than any particular stop. It gives these Chinese hope that relations between the United States and China might improve rapidly and that China will become a freer, more prosperous place.

The president's trip, set for June 25 to July 3, is already getting positive media coverage here, and for many Chinese, the visit of an American president under such warm circumstances is a sign that China is opening.

Li Lan, 28, a graduate student at Qinghua University, says she is happy that Mr. Clinton is coming to Tiananmen Square.

"It shows that the United States can be mature about its differences with our government. Many of us have differences with the government, too," she said, citing her belief that widespread corruption and nepotism are severely hurting China.

"But I think a leader of a great nation like the United States should come here and do things according to our formula. Then, within that formula, he can speak freely. And I know that many of us want him to speak, for him and for us."

For Xie Xiaomin, 39, a trader at C. Itoh Corp., a Japanese trading house, the visit to Tiananmen Square is a sideshow to what he hopes the two nations will accomplish.

Mr. Xie says he "sympathizes" with the students and other citizens who demonstrated in the square for more than six weeks in 1989. But, he says, the Asian economic crisis and the nuclear standoff between India and Pakistan are threats to China and the United States and must be addressed.

"June 4 has already passed," he said. "The important thing is that China and America communicate. It's really simple. Why can some people become good friends? Because they communicate often." Mr. Clinton's appearance in Tiananmen Square "isn't for the purpose of Tiananmen, but for the two countries' interests."

For Li Hong, 27, an insurance company employee who was reading an article about the Spice Girls during her lunch break, Mr. Clinton's visit to Tiananmen is not a slap at those who died there. "I think it's a completely different thing," she said. "That place also has our Monument to the People's Heroes."

Although the White House has announced that Mr. Clinton is not scheduled to speak at the welcoming ceremony, some here wonder if the talkative and politically astute American president — who confronted President Jiang Zemin at a Washington news conference by saying that the Chinese government was on the "wrong side of history" regarding the Tiananmen crackdown — will follow the script.

China in the 1990s is marked by a diversity of opinion. For those jailed as a result of the Tiananmen protests, Mr. Clinton's visit to the square brings ambivalence and passion.

Bao Tong, a Communist Party official who was imprisoned for seven years after the crackdown, said he believed the decision to visit the square was Mr. Clinton's to make.

"I really can't speak for the president of the United States," Mr. Bao, 65, said in a rare interview last week before being told by security agents to stop granting interviews to the foreign media. "That decision is something only he can make."

Liao Yiwu, a poet who spent four years in prison in Sichuan Province for memorializing the victims of Tiananmen, is critical of Mr. Clinton for coming to China in June because of the month's association with the crackdown.

In an open letter to Mr. Clinton written on June 4 and made public Tuesday, Mr. Liao argues that the United States is more concerned with economics than in maintaining its traditional role as a beacon of freedom and democracy. In an interview, Mr. Liao said that Mr. Clinton's visit to Tiananmen would be acceptable to him only if Mr. Clinton were to take a page from John Kennedy's famous speech at the Berlin Wall during the height of the Cold War.

"If Clinton has the courage to say: 'I am a Beijinger,' then I think he could go there. But I don't think he'll do that," Mr. Liao said.

The United States "should promote freedom and democracy," Mr. Liao added. "He shouldn't give up America's traditional idealism."

The authorities have not yet approached Mr. Liao about the letter and comments, he said, adding, "When you speak the truth, there are consequences."

On Tuesday, a group of 23 dissidents called on Mr. Clinton to push his hosts on the issue of human rights during his visit and to try to get a solid commitment on when China will sign the UN Covenant on Civil and Political Rights, which former Foreign Minister Qian Qichen promised in March to sign.

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# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## A Permanent Court

For more than a century, people have entertained a vision of a permanent international criminal court that would try the perpetrators of great crimes who could not otherwise be held to account in their home countries. Like Pol Pot and Radovan Karadzic, the worst.

The trial of German war criminals at Nuremberg gave the idea a first life. The end of the Cold War gave it a fresh opening. In the human rights movement, it found a constituency. Ethnic conflicts made it urgent. A United Nations conference to write the vision into reality opens in Rome on Monday.

The idea has its appeal, along with its limitations. An international criminal court could deter and, that failing, punish future instances of genocide, war crimes and crimes against humanity. But several threshold and procedural questions still need to be addressed.

Why not stick with the one at a time, cut to size pattern of the Yugoslavia and Rwanda war crimes tribunals rather than set up another permanent and expensive United Nations bureaucracy? "Tribunal fatigue" and the possibilities of economies of scale are cited, along with the preferences of General Assembly members who resist Security Council control over the two existing tribunals. But these claims do not sweep all before them.

In fact, a strong Security Council role is essential for the United States to meet its unique global responsibilities

for peace and security, humanitarianism and rescue, counterterrorism, counter-drugs, counterproliferation and other post-Cold War missions. The far-flung military deployments that serve these interests cannot be left exposed to mischievous criminal legal proceedings.

The dismal precedent of NATO's hesitancy to use its massive military superiority to round up all Yugoslav war crimes suspects also must be confronted. It goes to a matter untouched by court procedures: political will. What reason is there, beyond NATO's very slow progress in Bosnia, to expect that a permanent court could elicit more courage from its members than they are showing now? It is easier to deal with a prosecutor run amok — a prosecutor can be legally constrained — than with a membership that shrinks from armed conflict.

These tensions are familiar to the Clinton administration. Many foreign friends of the United States are pulling one way, while skeptics at home — and in the Senate, which must ratify — are leaning the other. The administration is struggling to present a treaty that would at once respect American interests and win American support. It is probably right in believing that a judgment on whether a permanent criminal court is either essential or feasible awaits resolution of the myriad differences in the text that the negotiators will sit down to for a month in Rome.

— THE WASHINGTON POST

## Unholy Breach

The Wisconsin Supreme Court's decision upholding the use of public funds for parochial school tuition strikes at the very heart of the constitutionally mandated separation of church and state that has served American society so well. Although a few recent U.S. Supreme Court decisions have relaxed strictures against using public money to support certain activities in parochial schools, those cases have dealt with tangential and very limited benefits to the church-sponsored institutions. No appellate court, including the Supreme Court, has ever allowed the huge transfer of taxpayer money that the Wisconsin voucher program will put into parochial school coffers.

The voucher plan allows up to 15,000 low-income students in Milwaukee to attend private or parochial schools with tuition paid fully by the state. Currently, only 1,500 students have used the vouchers to attend private, nonsectarian schools. The program's growth depends on enrolling thousands of students in parochial schools.

Under the funding plan, the state will pay the parochial schools the full cost of instruction for each voucher-bearing student or \$4,700, the amount the state currently spends on each student in the Milwaukee public school system. For each student who transfers out, the public schools lose \$4,700. The potential loss to the Milwaukee public schools could reach \$70 million a year.

The state court argues that the voucher program, by giving students

the choice of a private or parochial school, is religion-neutral. But this veneer of choice does not change the fact that taxpayer dollars would flow into sectarian institutions in contravention of the First Amendment prohibition against the establishment of religion. Many church schools that would be tax-funded have religious indoctrination as a core purpose.

The Wisconsin court's narrow analysis is naive on several levels. It fails to recognize the desire of many voucher proponents to add religious content to public education. It also fails to foresee the patronage bonanza that would result among politicians competing to funnel tax revenues to the institutions favored by their constituents, whether they be urban Catholics in Northern cities or suburban Protestants in the Sun Belt.

The Wisconsin decision, if upheld by the U.S. Supreme Court, would have a devastating impact on public education nationwide. Many states will follow the Wisconsin example, given the power of the religious lobbies. Parents will essentially be left to choose between a state-supported private education system and the old public school system. As more families opt out of the public schools, those schools will starve. The downward spiral is easy to map. The question now is whether the U.S. Supreme Court will have the wisdom to see that vouchers attack not only constitutional principles but the common schools that are essential institutions for a democratic society.

— THE NEW YORK TIMES

## Diplomatic Fiasco

In less than a month the Clinton administration has shifted from boasting to backtracking about its big drug money laundering sting in Mexico. More than 150 suspected drug traffickers and their alleged banker confederates were arrested, but Washington, inexorably, failed to obtain Mexico's approval for undercover operations carried out on Mexican soil. That failure has turned a law enforcement coup into a diplomatic fiasco, with the administration now trying to repair the damage to drug enforcement efforts.

The episode began when American Customs agents began encountering large checks issued in dollars by Mexican banks — ideal instruments for laundering drug profits. The Customs Service, which is part of the Treasury Department, ran a sting operation in the United States to collect more information. Then it notified midlevel Mexican officials and asked for permission to extend undercover operations to Mexico. American and Mexican accounts differ on how much detail Customs provided about its findings and its undercover plans. But both sides agree that Mexico never gave the approval that

Treasury legally needed to proceed. That should have moved matters to a higher level of discussion between the two governments. Mexico's attorney general could not have been approached, or President Ernesto Zedillo himself.

Instead, American officials concluded that corrupt or incompetent Mexican officials were sitting on the request. Treasury Secretary Robert Rubin allowed the sting to proceed without Mexican permission. Neither Secretary of State Madeleine Albright nor the White House "drug czar," Barry McCaffrey, were informed of this unlawful and undiplomatic venture.

Undercover activities are sometimes necessary in the fight against Mexican drug cartels, and many Mexican law enforcement officials are tied to the drug trade themselves. But Washington should not stage operations in Mexico without the approval of Mr. Zedillo or one of his cabinet ministers. Violating Mexican sovereignty is a sure prescription for undermining cooperation between the two governments, without which there can be no hope of success in the fight against drugs.

— THE NEW YORK TIMES

## Russia: A Global Cash-Flow Problem With Nukes

By Jim Hoagland

WASHINGTON — Russia poses history with its first nuclear-armed cash flow problem, implicitly threatening creditors not with a bankruptcy filing but with Armageddon if Moscow's deal with the West goes south.

Rescuing the deal, which provides Russia with transitional economic help in becoming a stable capitalist democracy, remains an offer the West cannot afford to refuse.

But the deal has become both troubled and troubling, as corruption and mismanagement have eaten away at the foundations of the new Russian state. It is time for Western policymakers to re-examine the terms of the deal, and especially the role President Boris Yeltsin will now play in Russia's rescue.

Global financial trends have moved decisively against Russia's robber baron capitalism in recent months, creating a historic crossover in raw power terms that the world's international financial institutions, central banks and private investors are ill-equipped to handle. Their actions on interest rates, currency values and balance of payments support suddenly become the stuff of war and peace decisions over the horizon.

Russia is today a local financial crisis wrapped in a national political dilemma inside a global economic storm.

Unable and, until recently, unwilling to collect enough taxes to make ends meet, the Russian government is now approaching the limits of what it can realistically borrow from abroad and repay.

It is desperate for cash at a time when worried foreign investors are yanking money out of emerging markets, including Russia.

The frenetic efforts of Mr. Yeltsin, once again back from the grave threatening to chop off heads and fire governments on a moment's notice, do not seem to be turning the tide. Mr. Yeltsin and his new prime minister, Sergei Kiriyenko, are making a maximal political effort but achieving an insufficient financial result.

Pressure continues to mount on the politically vital exchange rate of the Russian ruble and on the beleaguered Russian stock market. A ruble collapse would instantly revive inflation for Russian consumers, already disgruntled by many features of the transition to capitalism. A stock market collapse would give a black eye to the capitalist system as a viable path for Russia.

Staving off such calamities was almost certainly the primary motivation

in this month's decision by the International Monetary Fund to release \$670 million in support funding for Mr. Yeltsin's government, despite continuing shortfalls in areas the IMF had demanded be resolved.

Mr. Yeltsin's abrupt firing of Prime Minister Viktor Chernomyrdin in March and his appointment of the much younger, more financially adept Mr. Kiriyenko gave the IMF more room to maneuver in continuing its loans. It is even conceivable that Mr. Yeltsin may have engineered the still largely unexplained and humiliating timing of the dismissal of Mr. Chernomyrdin to influence international lending and investment patterns.

On a recent visit to Moscow, I asked the obviously chastened Mr. Chernomyrdin if he understood why Mr. Yeltsin had been so abrupt in firing him after a five-year partnership.

"That is a question only he can answer," the former prime minister said of the president. "I am sure there was nothing personal in it. We had talked about this change, and agreed it was necessary so I could engage in other activities. But the big question was when." Mr. Chernomyrdin said, indicating that he had not been consulted on the timing.

Mr. Chernomyrdin dismissed ru-

mors that Mr. Yeltsin had become upset over the prime minister's increasing visibility and apparent intention to run for president in the year 2000, a race that Mr. Yeltsin himself now seems to be considering despite earlier statements that he would not run.

"I think he will do what he said, when he told the world," he would not run, Mr. Chernomyrdin stated. "As for me, my current efforts all have to do with preparing for the parliamentary elections of 1999, which will determine the politics of the year 2000 election. I am not thinking of 2000."

All signs in fact point to Mr. Yeltsin's seeking a third term, despite constitutional questions about his eligibility and high negatives in polls. The shadow of his candidacy is rapidly becoming a divisive and destabilizing factor in the intertwined world of Russian politics and finance.

Mr. Yeltsin should instead be working toward a well-planned, transparent succession in 2000 that would help entrench market reform, stamp out corruption and establish predictability as an important norm in Russia. That should be part of the new deal that is needed to continue Western economic support for this half-century's most important economic and political transition.

The Washington Post

## It's Too Late for a 'Preventive Deployment' in Kosovo

By Anna Husarska

SARAJEVO, Bosnia-Herzegovina — The mountains straddling Albania and the southern Serbian province of Kosovo are called "Prokletije" — The Damned.

This international border may be about to live up to its name. It is in Prokletije, the Damned Mountains, that the United States and its allies are reportedly planning to station troops in a "preventive deployment."

This is no solution. Not at this stage of the Kosovo crisis. Not anymore.

In March, the International Crisis Group — which has experience monitoring the implementation of the Dayton peace agreement in Bosnia — called for precisely such an operation, saying it would help the conflict in Kosovo from spreading and would facilitate effective action if an intervention became necessary.

At the time, NATO was not planning a deployment, let alone an intervention, because the Kosovo question was being handled (or mishandled) by the

six-nation Contact Group, made up of the United States, Britain, Germany, Italy, France and Russia.

The Contact Group set President Slobodan Milosevic of Yugoslavia four consecutive deadlines to stop the violence in Kosovo, all of which he violated.

Recently it dawned on Western leaders that NATO would be a better vehicle than the Contact Group, but it is probably too late for the preventive deployment of ground troops — unless such deployment is the first stage of an intervention.

There is nothing much to prevent anymore. Bosnia-style scenarios are already unfolding in Kosovo, and on our television screens.

But the worst Bosnia-style outrages are still to come, and they may happen in the Damned Mountains.

What exactly would NATO troops already stationed on the Albanian side of that border do?

Hundreds of refugees, mostly women, children and old men, flee across the frontier every day. Would a NATO soldier dare stop these illegal immigrants from crossing?

This is a scary but not so outlandish idea. In Sarajevo, all through the war, the airport was guarded by UN troops who prevented Sarajevians from escaping the Serbian siege. Is the international community again about to force Muslims to be sitting ducks in a Serb-run shooting gallery?

A lot of people are also going in the other direction in the Damned Mountains. Young ethnic Albanian men travel from Albania proper — where they receive military training — to Kosovo, where they fight in the Kosovo Liberation Army.

Are NATO soldiers about to stop those young men from returning home to fight the Serbian police and army troops that are attacking their families?

During the war in Bosnia, the United Nations insisted that

the mujahidins not help the Bosnian government forces, but when the Yugoslav National Army and paramilitaries and irregulars from Belgrade helped the Bosnian Serb aggressors, the international community was silent.

There is also mule traffic in the mountains. Those mules bring into Kosovo weapons that the Kosovo Liberation Army uses in its fight against the Serbs. Those guns are from arsenals looted in Albania proper or else imported from third countries.

For NATO soldiers to stop this flow would be the moral and practical equivalent of the arms embargo that the United Nations imposed on Bosnia during the four years of war. Is the international community about to repeat this most inglorious chapter of its involvement in Bosnia?

A danger exists that a logistically complicated NATO deployment in the Damned Mountains (7,000 to 23,000 troops are said to be considered) would be the only concrete ef-

fort to stop the war in Kosovo. If NATO has plans to do anything to actually stop the conflict, it should by all means go ahead. But it will likely take air strikes on strategic targets inside Kosovo, not merely air exercises, if the West wants to halt the Serbian aggression.

Politicians should spare us the saber rattling and chest thumping. Take this statement: "We cannot afford to ignore what appears to be a deliberate and systematic extermination of human beings based on their ethnic origin. I would begin with air power, against the Serbs, to try and restore the basic conditions of humanity."

Sounds tough, doesn't it? That was Bill Clinton in August 1992. He did not scare Slobodan Milosevic then, and as a result it will take even more to scare Mr. Milosevic now.

The writer, a political analyst at the International Crisis Group, contributed this comment to the International Herald Tribune.

## Asia's Nuclear Shock Waves Rock the Middle East

By Gideon Rafael

JERUSALEM — Many significant changes have occurred in the international arena during the last decade of the 20th century. Two are of particular far-reaching importance: the disintegration of the Soviet empire and the upheaval in the Gulf.

The first changed the strategic equation in the world at large, while the Gulf War affected the military and political structure of the Middle East.

Both events evoke the specter of nuclear proliferation. The danger that the successor states of the Soviet Union could lose control of the Soviet nuclear and ballistic arsenal, and the discovery that Iran and Iraq had developed weapons of mass destruction, prompted the United States to intensify efforts to stop nuclear proliferation and to advance the resolution of regional conflicts.

The Arab-Israeli peace conference, convened in Madrid in 1991 by Washington and Moscow, was the first product of the new U.S. policy. Another was the signing of several international conventions designed to halt the production of nonconventional arms and delivery systems for ballistic missiles.

India and Pakistan, nonsig-

natories of the Nuclear Non-proliferation Treaty, refrained from joining the new conventions. Israel, though also not a signatory of the pact, signed the Comprehensive Test Ban Treaty and supported U.S. efforts to curb the ballistic missile race.

Moreover, Israel declared its willingness to join a Middle East nuclear-free zone proposed by Egypt — after the establishment of a comprehensive peace extending from the Gulf to the Mediterranean.

Hopes were nourished, in particular by the United States, that the peoples of the world could pass peacefully over President Bill Clinton's "bridge" to the third millennium. However, the 20th century seems to be ending not with a whimper but with a bang of nuclear blasts.

The United States slapped strict sanctions on India and Pakistan. The UN Security Council unanimously condemned their nuclear tests and endorsed the demand of its five permanent members, the only recognized nuclear powers, "to halt the production and deployment of missiles capable of carrying nuclear arms."

The question is whether these measures suffice to stem the nuclear tide that has risen with the convergence of rabid nationalism, religious fanaticism and irredentism.

All the contemporary regional conflicts — from Bosnia to Kashmir, Jerusalem to Belfast, Tehran to Baghdad — are nourished by these ingredients.

They erupt with particular vehemence in areas of economic and political distress, where fear, frustration and fury gain the upper hand over reason and realism; where politicians, instead of weeding out the sprouts of violence, nurture them; where the world powers refrain from cooperating and instead assert their influence.

The shock waves triggered by the nuclear tests in South Asia were registered with particular intensity in the Western part of the continent. Alarms are ringing throughout the Middle East. Three of the most persistent contemporary conflicts beset the Asian continent: Korea, Kashmir and Israel-Palestine.

No less threatening and combustible is the unsettled conflict between Iraq and Iran, and the advance of Islamic fundamentalism, which menaces the stability of a number of Arab countries.

The existence of nonconventional weapons in the Middle East is well known. Israel got a foretaste of things when Iraq hit it with Scud missiles, which are capable of carrying chemical and biological warheads. These attacks added a new dimension to the Arab-Israeli conflict, sharpening the awareness and understanding of the indispensability of Israel of a persuasive deterrent capability.

To avert the use of weapons of mass destruction, the parties to the conflicts must be urged to avoid aggravating existing tensions and to make determined, sustained and convincing efforts to settle their disputes.

The international community should help parties that cooperate with peace efforts but withdraw its favors from those that hamper these efforts.

But diplomacy alone will not be enough to curb the nuclear threat. The five declared nuclear powers — the United States, Britain, France, Russia and China — could do so if they were to extend, jointly or separately, their nuclear umbrella

to countries threatened with attacks by weapons of mass destruction.

As long as such protection is unavailable, threatened states will seek to acquire their own deterrent capability — thereby accelerating the escalation of nuclear armory.

In Israel, the former government headed by Yitzhak Rabin advocated and pursued a course of disarming the conflict by peaceful means. In a declaration to the Knesset in August 1992, Prime Minister Rabin said:

"The danger of introducing nuclear arms is one of the most central issues that concerns the survival of Israel."

"One of the means of facing these dangers is international cooperation, which the United States must spearhead, helping to reduce the frictions in the Arab-Israeli conflict by promoting peace wherever possible. The security of Israel does not depend on two kilometers here or one kilometer there, but rather on what awaits us."

A lot depends on what we do in the area of peacekeeping and the attainment of international assistance, led by the United States and other elements, in the struggle against nuclear proliferation."

Mr. Rabin translated his vision into concrete policy. The

signing of the Oslo accord with the representatives of the Palestinian people, and the peace treaty with Jordan, bear witness to it.

An assassin's bullet not only felled Mr. Rabin but stopped the momentum of Arab-Israeli rapprochement. Benjamin Netanyahu has not stayed the course of his predecessors. He has led the peace negotiations into a dark alley. The flash of the recent nuclear detonations illuminates the perils inherent in this stalemate.

The nuclear tests carried out by India and Pakistan severely aggravate tensions in the world's most volatile regions. They must alert the forces of reason and responsibility to act in unison against the threat or use of weapons of mass destruction.

The fateful challenge facing humanity at the dawn of the third millennium is this: Can we rally to build a safer world, or will the swelling ranks of nuclear horsemen drag us all into the abyss of Armageddon?

The writer is a former Israeli ambassador to the United Nations and a former director-general of Israel's Foreign Ministry. He contributed this comment to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Speedy Traffic

PARIS — [The Herald says in an Editorial:] The use of automobiles, for business as well as for pleasure, has increased in the streets of Paris to such an extent that these horseless vehicles are regarded as likely to drive out carriages, just as the railway has put an end to the mail-coach. This innovation is already beginning to cause some anxiety to the authorities, owing to the tendency of automobilists to drive too fast. M. Blanc, the Prefect of Police, has issued new regulations for the control of the new traffic, and many persons have already been the subjects of a *procès-verbal* for this offence.

### 1923: Opium Hearing

PARIS — The American delegates to the hearing of the Opium Commission of the League of Nations, which was recently

held in Geneva, have now all returned to Paris, well satisfied with the victory gained when the nations represented at the conference accepted a resolution based on the American demand for a definite control of drug production.

### 1948: Soviet Refusal

BERKELEY — President Truman declared today [June 12] that "refusal of the Soviet Union to work with its war-time Allies for world recovery and world peace is the most bitter disappointment of our time." Mr. Truman said the cleavage in settling international differences "has not been between the United States and the Soviet Union but between the Soviet Union and the free nations of the world." He said man's hope for peace was "too sacred to be trifled with for propaganda purposes or for selfish advantage by any individual or nation."

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By Constance L. Hays  
New York Times Service

Last year, corporate brands accounted for 22 percent of all licensing in the United States, or \$16.06 billion in sales, said Charles Riotto, executive director



"Brands are long-term programs, and entertainment is riskier and shorter-term," said Nancy Bailey, whose firm,

For companies, licensing is a relatively inexpensive way to invest in additional self-promotion. "For the most part, there is no out-of-pocket cost to a corporation, and no R & D or mar-

**See BRANDS, Page 15**

**Compiled by Our Staff From Debates:**

Lamborghini, which makes sports cars selling for more than \$250,000, is 60 percent owned by companies controlled by Hutomo Mandala Putra, a son of Mr. Suharto. MyCom Berhad, a Malaysian financial company, controls

Volkswagen is buying a tiny slice of the small top-end luxury or "supercar" market that includes Italy's Ferrari SpA, and is more exclusive than Porsche or Jaguar. (AP, Bloomberg)

By Don Kirk  
International Herald Tribune

## The Specter of

A further drop in interest rates might stimulate corporate investment and ex-

"The Bank of Japan can't afford to cut its rates," Yasunari Ueno, an economist at Fuji securities told Bloomberg News, citing the vulnerability of other

"Price competition must be strengthened by lowering exchange rates," he acknowledged, but he said any rise in exports would result from the demand of buyers abroad more than a drop in prices.

**By Caren Bohan**  
*Reuters*

## CURRE

In fact, Mr. Greenspan warned that the Fed might well need to raise interest rates if the pace of economic expansion

that changing dynamics in the labor market have caused workers to be less aggressive in demands for wage increases.

## Threat to 'Open Outcry' Cuts Prices for Seats on Traditional Exchanges

**By David Barboza**  
*New York Times Service*

Consolidation among exchanges, languishing stock prices and falling commodity prices are among the factors pushing down seat prices — sometimes viewed as an indicator of market sentiment. But perhaps the biggest concern

**Cantor Financial Futures Exchange.**  
The Chicago Board of Trade said this week that it would consider a public stock offering for its after-hours elec-

changes—which talk about being well-positioned to make a transition—are betting on a world that is cohabited by auction traders and electronic trading.

**U.S. exchanges cannot afford to ignore what has happened in Europe.**

### ■ Liffe's Electronic Effort

what lies ahead may be seen in Europe. The Matif, the French futures exchange, introduced electronic trading alongside

change, the London International Financial Futures and Options Exchange, which is primarily an auction market with hundreds of traders.

Traders said Thursday that German Bund and other bond futures might be listed on Liffe's existing Automated Pit

1

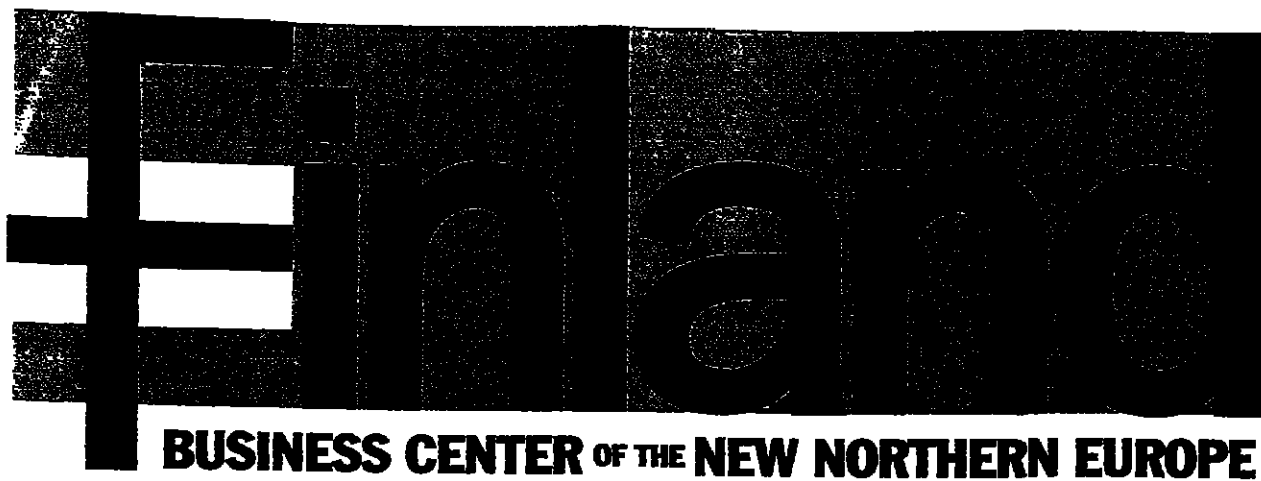
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## BUSINESS CENTER OF THE NEW NORTHERN EUROPE

### AT THE HEART OF A GROWING MARKET

Finland's location and economic strength make it a natural business center for Northern Europe.

As Finland prepares to assume the presidency of the European Union in 1999, the country has definitively left behind the recession of the early 1990s, which had produced an economy split between successful exporters and struggling domestic suppliers.

"Although growth in exports is slowing down, they are still growing faster than expected and are well ahead of imports," says Markku Kotilainen, head of forecasting at ETLA, an independent economic research institute. "We expect the Asian crisis to have substantial negative effects in the machinery sector only."

According to Statistics Finland, in 1997 exports grew by 13.9 percent, to 211 billion markka (\$40.7 billion), while imports rose 12.9 percent. ETLA forecasts that exports will rise by "only" 7 percent in 1998, while imports are expected to grow by 8 percent.

Allied to the strong economic picture is a new and more positive outlook concerning Finland's place in the EU and the world.

"As the economy globalizes, the traditional export pattern is not so valid," says Pasi Natri, senior vice president at the Finnish Foreign Trade Association (FFTA).

"We help Finnish companies to internationalize their operations and minimize the risks involved."

Part of this new outlook is a vision of the country as the center of a high-potential economic zone dubbed the New Northern Europe (NNE). This zone comprises three distinct markets: Scandinavia (Denmark, Sweden, Norway and Finland), the Baltic States (Estonia, Latvia and Lithuania) and Northwestern Russia (Moscow and St. Petersburg).

The combined markets are home to almost 80 million consumers — and all major points can be reached by surface carrier from Finland within 24 hours.

The FFTA has pinpointed four advantages that Finland can offer companies in both the East and West that are seeking to do business in the region.

The first, logistics, is the most visible, as it has served both before and after the Soviet era. Every month, an average of 20,000 trucks, carrying mainly consumer goods, cross into Russia from Finland, the only EU member to share a border with the Russian Federation.

"This may become less important as infrastructure improves south of the Baltic," says Mr. Natri.

Matti Aura, minister of transport and communications, feels that "there will be enough traffic for everybody. Finland is not the only possibility, but at the moment it is the smoothest, with up to a thousand trucks daily, and the waiting time is a few hours at most."

Second, the FFTA is eager to facilitate partnerships among Finnish firms and their counterparts elsewhere in the region.

"We cannot provide sophisticated financial instruments, but we do offer a comprehensive knowledge of Eastern markets and their business ways," says Mr. Natri.

The third area the FFTA identifies is the role of Finnish companies as providers of services, which can range from business support to the provision of emergency assistance — for example, flying in doctors to assist patients in need of surgery.

Finally, the FFTA sees Finland as a strong potential base for direct investment in the NNE, offering added value for all companies.

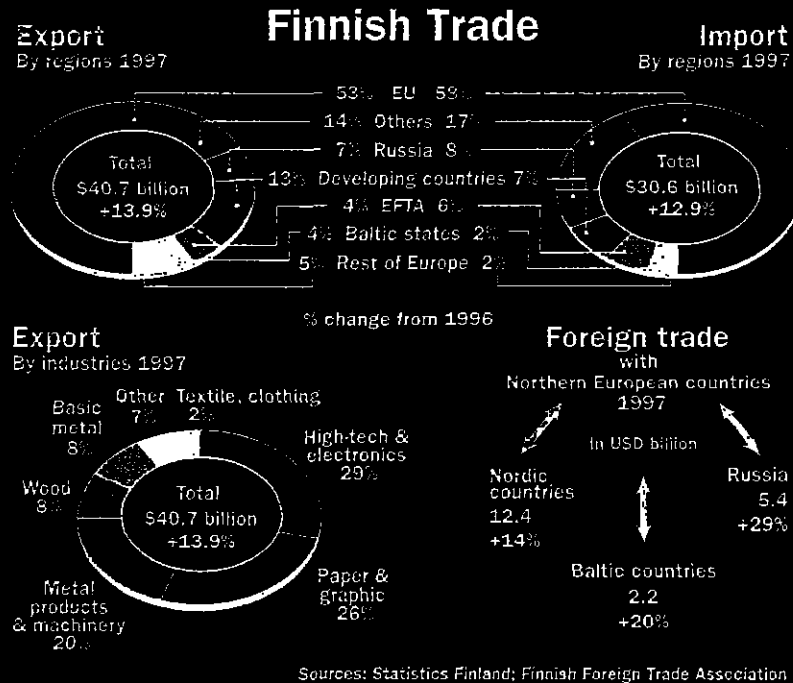
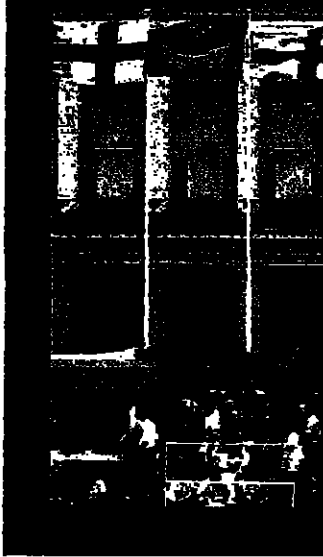
"We are the last in the Nordic nations for U.S. direct investment. This will change due to the obvious Finnish advantages, especially toward Russia," says Mr. Natri. "Change there may take decades, but the needs there are so great because they start from a low level. This means that the potential is huge for a small economy."

With the inauguration of the NNE has come an expansion of the domestic market and the redefinition of what constitutes a Finnish company.

Says Mr. Natri: "Nokia is a Finnish company, but 70



A STRONG PARTNER: FINLAND IS A DRIVING FORCE FOR STABILITY AND PROSPERITY IN THE REGION AND IN EUROPE AT LARGE.



### GIVING EUROPE A NORTHERN DIMENSION

Finland's proposal would benefit the entire Continent.

In 1995, Sweden and Finland joined Denmark as members of the European Union — and, thanks to Finland, the European Union gained a Russian border. Now Estonia and Poland have begun EU membership negotiations.

As Finnish officials see it, these northerly developments bring both opportunities and challenges to the EU, ones they would like to see handled through a comprehensive policy. Since last year, Finnish leaders have been suggesting the

establishment of a "Northern Dimension" policy. At the Luxembourg summit in December, the European Commission agreed to consider a Finnish proposal on a policy for the northern region.

Finland wants to encourage the EU to draw up a clear plan for relations with its northerly neighbors: the two non-EU Nordics, the three Baltic states, Poland, and most of all, Russia.

According to Prime Minister Paavo Lipponen, "The basic objective is to define the Union's interests and clarify

its priorities in this area in order to formulate a policy. Geographically, the Northern Dimension covers an area from Iceland to northwestern Russia, and from the Arctic Ocean to the southern coast of the Baltic Sea, including the countries surrounding the Baltic Sea."

Clearly, there are dramatic political and economic variations within this vast area. Finland, which has long seen itself as a mediator between East and West,

Continued on page IV

# From possibility to reality.

A revolution in papermaking has begun.

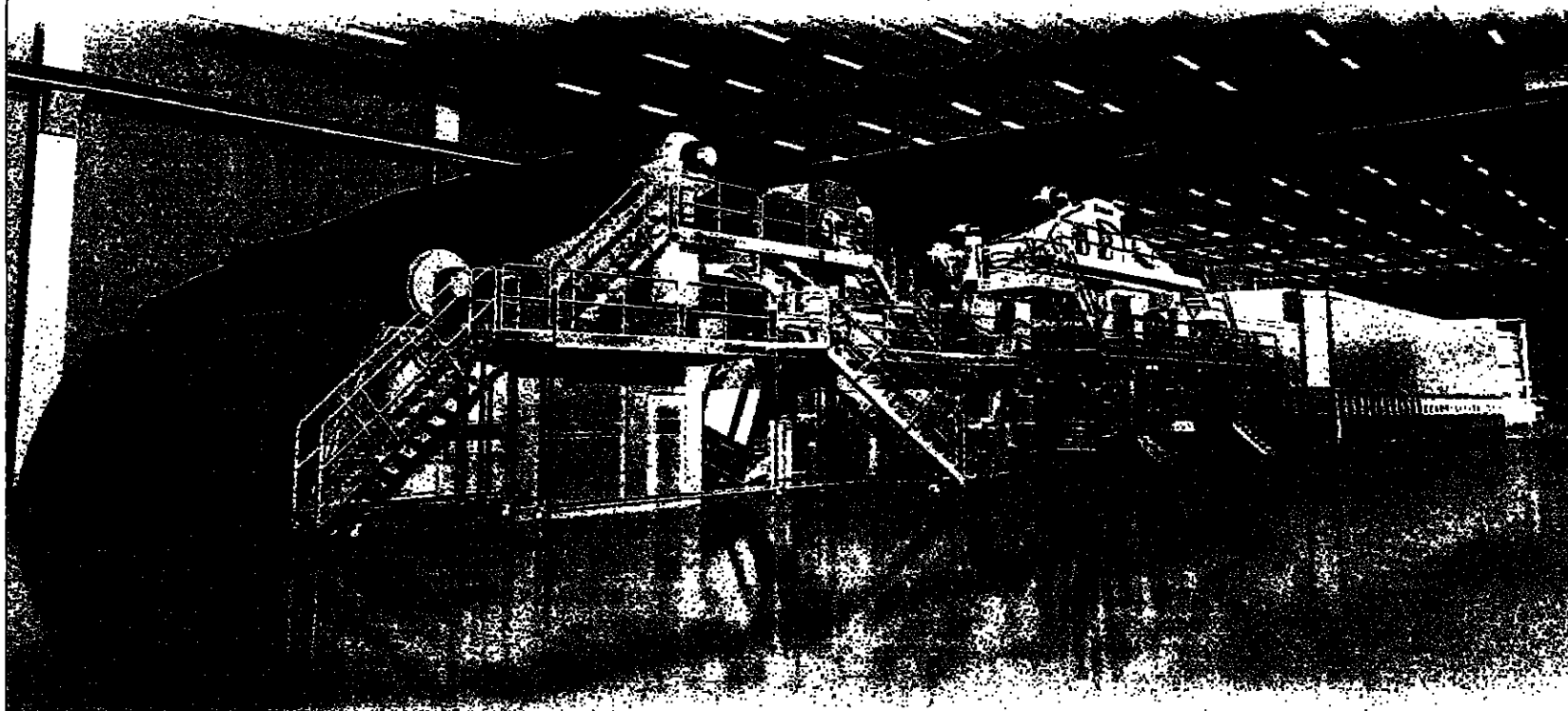
The world's leading paper machine manufacturer, Valmet, has turned a new paper machine concept into reality by combining its know-how of making paper and machinery as well as automation technology.

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Valmet turns this all into a reality through its high technology and wide-scale product development activities. In this way, Valmet ensures customer satisfaction and their profitable operations — also in the future.

The paper machine of the next millennium is proof of the possibilities offered by Valmet.

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## SPONSORED SECTION

## LIGHT YEARS AHEAD

Telecommunications firms offer cutting-edge products and services.

Finland leads the planet with the highest concentration of mobile phones, Internet access and PC use. Because the domestic market is so sophisticated, it has proved a demanding testing ground for products destined for the rest of the world. Nonexistent in the 1980s, the telecommunications sector has now become, according to some estimates, the power base of the economy thanks to its explosive growth and aggressive innovation.

The tip of the telecommunications iceberg is Nokia, but it is not the only company in the sector with a worldwide presence. Benefon started up a decade ago and recorded sales of \$61 million for 1997, with a bottom line of \$5 million as a niche mobile phone producer.

"We concentrate on products based on our own technology and our PQL — performance, quality and looks — philosophy," says Benefon President Jorma Nieminen.

Though Benefon is the world's number two producer of the older NMT 450 mobile phones — a market that is still expanding in Northern, Central and Eastern Europe — the firm launched its GSM products last year. From its base in Salo, 96 percent of production heads abroad.

Nokia is a true global brand and is going from strength to strength, adding financial clout to its wide product range and marketing finesse. In 1997, Nokia's sales reached \$9.8 billion, while profits were \$1.5 billion.

"The mobile phone is a communication tool that is replacing the wireline system," says Ukko Lappalainen, Nokia's head of marketing for new radio systems. Forty-five percent of Finns own a mobile phone, while 55 percent have wireline phones.

The latest Finnish telecommunications firm to go

international is SONERA, the former Tele Finland, which has invested large sums abroad in mobile phone operators in neighboring Northern European and Baltic countries and in places as diverse as Lebanon, Hungary, Hong Kong and Turkey.



VALUE-ADDED MOBILE PHONE SERVICES INCLUDE SHORT MESSAGE AND MOBILE MULTIMEDIA.

Finnish Telecommunications companies are fighting for market share by introducing a wide range of services that are being demanded by consumers. Nokia's Mr. Lappalainen pinpoints data traffic as the most valued at the moment.

"The short message service is very popular in the Nordics; Christmas saw 1 million short-messaging equipped phones shipped in Finland alone."

The future will have two driving forces for non-voice use: the Internet and images. "The new Nokia 9110 can be connected to a digital camera using an infrared link to download and e-mail a picture to the receiver," says Mr. Lappalainen. "It is the first step into imaging and developing an electronic album."

More powerful networks for a moving image via videophones and access to the Web are around the corner. "Mobility brings a lot of added value to the subscriber — videoconfer-

encing, for example. Improvements will quicken access speeds to be more convenient and comparable to a PC," Mr. Lappalainen says.

Meanwhile, to bring more people on-line, the Helsinki Telephone Corporation (HPY) is developing a project to create a 3-D (VRML, or Virtual Reality Markup Language) model of the Finnish capital in cyberspace.

When the project is completed, Helsinki citizens will be able to move around their virtual city using a PC, with all cultural, commercial and public services accessible on-line. The project, called Helsinki Arena 2000, was created by Risto Linturi, Multimedia Technology Director of HPY.

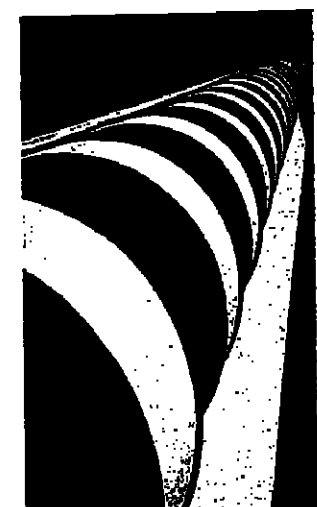
Presently in its growth phase, the system's features are expected to be fully operable by the millennium. Today, the city counts 10,000 ISDN (Integrated Services Digital Network) users and a mere 100 users of the next-generation high-speed Internet data technology, DSL (Digital Subscriber Line).

These numbers are expected to grow exponentially, as has been the case for Internet access. HPY estimates that it will have half-a-million subscribers in 10 years.

"It will enable the PC user to communicate with multimedia, both transmitting and receiving, and interfaces will be designed that people can use," says Mr. Linturi.

It is also important to Mr. Linturi that the system is democratic, i.e. two-way, and responsible.

"Helsinki is spearheading this community communication, with people talking to each other, not just viewing an organization's output. Other cities' projects are centralized," John Pagni



When it comes to communications technology, Finland is already moving into the 21st century. The Helsinki Arena 2000 project aims to create a 3-D (VRML, or Virtual Reality Markup Language) model of the Finnish capital in cyberspace. Other projects for the capital's bid to host the 2006 Winter Olympics include the Helsinki Olympic Stadium, the Helsinki Arena 2000, and the Helsinki Arena 2000.



## HELSINKI'S OLYMPIC AMBITIONS

The capital's bid to host the 2006 Winter Olympics aims to revive the "Helsinki spirit."

The use of existing facilities in Lillehammer in neighboring Norway is the foundation of Helsinki's bid to host the 2006 Winter Olympics in 2006.

Helsinki is invoking a revised clause in the Olympic Charter, which rules that "for the Olympic Winter Games, when for geographical or topographical reasons it is impossible to organize certain events or disciplines of a sport in the country of the host city, the IOC may... authorize the holding of these in a bordering country."

In its bid, Helsinki is competing with strong rival bids from Switzerland, Poland, Slovakia, Italy and Austria. It has until 1999 to convince the IOC of its merits.

It has been 46 years since Helsinki hosted the Summer Olympics, and the Helsinki 2006 bid organizers think it is high time the five Olympic rings were displayed again across the city.

**Proven efficiency**  
"The 1952 Summer Games were a great success and saw the founding of the Helsinki Spirit," says Helsinki 2006 Project Manager Jari Piirainen at the campaign headquarters in the shadow of Helsinki's Olympic Stadium tower.

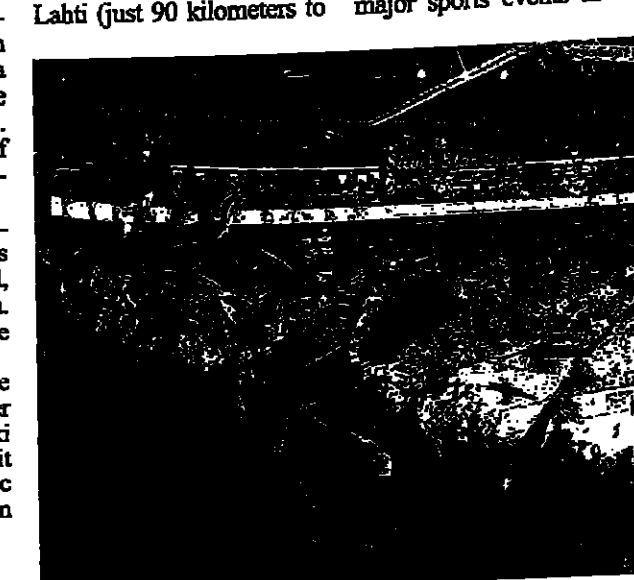
This "Spirit" was manifested in the friendly neutrality of postwar Finland, making it the perfect host for six East-West summits and numerous international gatherings.

"The Summer Games are huge these days, and we don't have the capacity for

them; it would not be feasible to build the facilities," Mr. Piirainen says. "But for the Winter Games we already have all the necessary indoor facilities for sports such as ice hockey, curling and ice skating, and there are plans to build a speed-skating arena. Our excellent cooperation with Lahti (just 90 kilometers to

"The reuse of Lillehammer's facilities must be an advantage for our bid," says Mr. Piirainen. "Their Games were very well organized and well-attended, and the facilities are excellent."

Mr. Piirainen points to the experience and proven efficiency of Finland and Norway in the organization of major sports events as an-



HELSINKI HAS ALL THE NECESSARY INDOOR FACILITIES FOR ICE HOCKEY, CURLING AND FIGURE SKATING AND PLANS TO BUILD A SPEED-SKATING ARENA.

the north of Helsinki and the site of annual winter sports events) gives access to Nordic ski facilities, such as cross-country skiing and ski-jumping.

Finland, with its northernmost quarter located above the Arctic Circle, is a safe bet for snow in winter, but its gently rolling terrain does not lend itself to Alpine events. Enter Lillehammer, the Norwegian venue for the highly successful 1994 Winter Olympics.

other crucial factor. "The organizers of the World Ice Hockey Championships in Finland in 1997 pronounced them the best-organized championships ever held," he says.

Lahti organized the World Nordic Ski Championships in 1988 and will do so again in 2001, and Helsinki is set to host the World Figure Skating Championships in 1999.

The logistics of the plan may sound problematic but

are more convincing on closer inspection. Each site—Helsinki, Lahti and Lillehammer—would have a self-contained Olympic Village.

The opening of Oslo's new international airport in 1998 will expedite and allow the expansion of air services—already well-established—between Finland and Norway, and Lillehammer is a short overland journey from the Norwegian capital. Lahti is already linked to Helsinki by rail and highway.

The cultural affinity between Finland and Norway would facilitate cooperation, and the enthusiasm of both populations for sports of all kinds would ensure a substantial local audience. In the 102-year history of the modern Olympics, Finns have won 419 medals at both summer and winter gatherings.

**Local support**  
There is no shortage of enthusiasm, then, but who will foot the estimated \$580 million to back the initial campaign, while the Finnish Parliament has approved a \$360 million guarantee against possible losses. Sponsors would no doubt form a long line were the bid successful.

Local public support, meanwhile, is warming up. "A poll by Finnish TV in April 1998 showed 55 percent in favor," says Mr. Piirainen. "I'm expecting that to increase to 70 or 80 percent within a few months."

Tim Bird



QUALITY OF LIFE: VISITORS AND RESIDENTS ALIKE ENJOY THE CAPITAL CITY'S ESPLANADE (ABOVE). A VIEW OF DOWNTOWN HELSINKI (BELOW).



HELSINKI'S ADVANTAGES INCLUDE A STRATEGIC LOCATION, EXCELLENT INFRASTRUCTURE, AN EDUCATED WORKFORCE AND A HIGH STANDARD OF LIVING.

## Fast-Growing Capital With an Eye on the Future

Helsinki is approaching its 450th anniversary in the year 2000 with a newfound vigor and confidence. Helsinki's numerous assets often come as a surprise to those not familiar with the Finnish capital. It is blessed with political stability, low crime rates, excellent infrastructure, a splendid environment and efficient services.

Its case as a location for expanding businesses is made even more convincing by the geographical location of the city. Only a decade or so ago, before the collapse of the Soviet Union, this location was of far less consequence. But there has been a significant shift in economic interest since the Soviet empire fragmented in the early 1990s and Finland joined the European Union in January 1995. This permanent geopolitical shift has injected new life and status into Helsinki.

Says Mikael Schier of Helsinki City Hall: "Helsinki is at the heart of the Baltic Sea region and on the crossing point of the axis between Berlin in the south, Marmansk in the north, Oslo in the west and Saint Petersburg in the east." Helsinki is backed up by its EU membership, and Helsinki is the fastest-growing capital area in the EU, with a population of 1.1 million and rising. Finland's border with Russia, which runs for well over a thousand kilometers, is now more significant than ever.

**Wide expertise**  
Helsinki's contacts with its eastern neighbor have always been strong, and now the rest of the world is waking up to the existence of a potential market of 5 million people — the same as Finland's entire population — in the Saint Petersburg region alone.

"The Barents Sea region in northern Russia has enormous mineral resources," says Mr. Schier. "The Russians cannot exploit these on their own, because they do not have sufficient capital. So companies from the United States, for instance, are basing themselves in the Helsinki area, from which the Barents region is accessible. Helsinki's state-of-the-art and very cheap telecoms system is one of the facilities they find invaluable."

Other advantages listed by Mr. Schier are the city's major and internationally respected educational institutions, attended by 42,800 students. About 21 percent of the population has a university degree or its equivalent. Excellent language skills are the norm: English, German and, increasingly, Russian are widely spoken, and not only among the business community.

Moreover, Helsinki has a modern transport infrastructure. Helsinki Airport has promoted itself successfully as a gateway hub between east and west, and there are daily rail services to

and from Saint Petersburg and Moscow. Enormous, luxurious ferries ply the Baltic, bringing the regional neighbors in Tallinn, Stockholm and Gdansk both physically and psychologically closer. Helsinki has Finland's biggest passenger and goods harbor, and although the coastal waters freeze in the winter, the capital's expanding modern docks and quays are kept open throughout the year.

**Built for business**  
Nyri Tuominen, business development manager of the Helsinki City Office, confirms that companies with an eye on the Russian market are increasingly keen to set up camp in Helsinki. "In the last two or three years, we have noticed an increasing number of companies showing an interest in opening offices in Helsinki," he says. "Most of their opportunities are in the Saint Petersburg area, but just 24 hours farther by truck is the Moscow area, and a further market of 50 million people. Companies find Helsinki a good base because it's safe and clean, and because it has a good business infrastructure."

Mr. Tuominen adds: "Russian legislation, if it exists in the first place, changes all the time. As a foreign company you may have privileges, but they do not compensate for the unpredictability. The free-market context and rules for establishing and carrying out business here will be familiar; they present no obstacles, as they do — and will continue to do for some time — in Russia itself. A high standard of living, comprehensive business services and skilled labor are also advantages."

Helsinki is not content to sit back and wait for newcomers, but actively encourages them through organs such as the Helsinki City Business Development Unit, which, says Mr. Tuominen, can put interested parties in touch with the right channels and the right people.

Finland's political neutrality during the Cold War established it as a popular summit site, and it continues to play this role. Not all conferences are of the stature of the Clinton-Yeltsin Summit held here in 1996, but Helsinki still hosts around 100 international events of this kind each year, attracting up to 30,000 participants. This prestige will no doubt find eloquent expression in two upcoming events: In 1999, Finland will serve as a term as president country of the EU; and during the following year, Helsinki will be one of nine EU-designated European "Cities of Culture."

Helsinki may be about to look back with justifiable pride on its first 450 years, but for those looking for a city with a future, none fits the bill better than Helsinki.

T.B.



## CELEBRATING ALVAR AALTO AT 100

The centenary of the architect's birth has inspired worldwide celebrations.

**A**lvar Aalto — born on February 3, 1898 in Kuortane, Finland — is indisputably the most influential architect ever to emerge from the Nordic region. His work has inspired several generations of Finnish architects, including Eero Saarinen, who gained a strong reputation in United States after World War II, and more recent leaders such as Juha Leiviskä.

Today, the couple's designs are standard equipment in many Finnish homes. Examples are the celebrated amoeba-shaped glass vase and the 1933 three-legged bent-plywood stool, still available and affordable.

Most visiting architecture buffs head for Jyväskylä in south-central Finland. The area boasts a dozen Aalto buildings, including his first public building,

tensive repairs, scheduled for completion next spring, are now under way.

**International retrospectives** Internationally, a rediscovery of Alvar Aalto is unfolding. Aalto is less well known in North America, where he designed just two buildings, but his reputation is now growing rapidly. In New York, the Pratt Institute has a show called "Aalto's Play of Light," while the Museum of Modern Art is celebrating Aalto's birthday with a major retrospective, "Alvar Aalto: Between Humanism and Materialism," which will travel to the Centro Internazionale d'Arte e di Cultura di Palazzo Te in Mantua, Italy. Both exhibits are accompanied by lectures, discussions and publications.

Major exhibitions have also been organized in, among other locations, Madrid, Lisbon, Zurich, Stockholm, Rotterdam, and Essen (Germany).

The MOMA exhibition catalogue is "a work of profound research," notes Ms. Norri. "There are many new books in Finland as well, and all of the architectural reviews are publishing special issues or articles. He is in the spotlight all over the world."

Among the other new books is a volume of Aalto's philosophy by his friend and official biographer, Göran Schildt, published in four languages. Other anniversary year memorabilia include a CD-ROM and a commemorative coin. There are also two Aalto centennial wines on sale, toasting the architect's taste for Italian vintages.

A more lasting spin-off will be an international Aalto Academy in Helsinki, announced by Prime Minister Paavo Lipponen at the MOMA opening. The academy will organize graduate studies in cooperation with the Technical University. Aalto's former home in Helsinki will serve as the academy's headquarters.

Wif Stenger



ALVAR AALTO'S CELEBRATED VASE IS A DESIGN CLASSIC FAMILIAR ALL OVER THE WORLD.

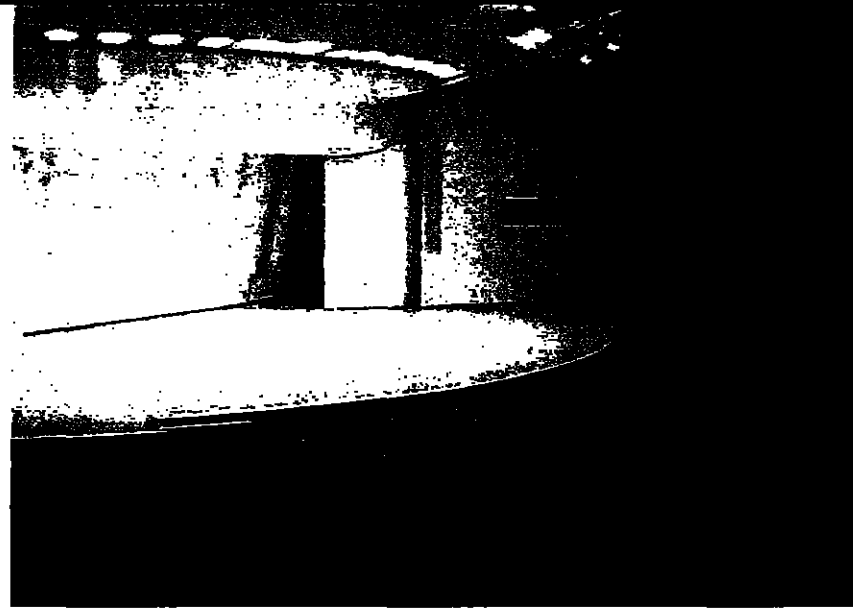
and Juhani Pallasmaa, who have used Aalto's ideas as a springboard for their own original work.

"What is important now is that Aalto's legacy and influence are being evaluated," says Marja-Riitta Norri, director of the Museum of Finnish Architecture.

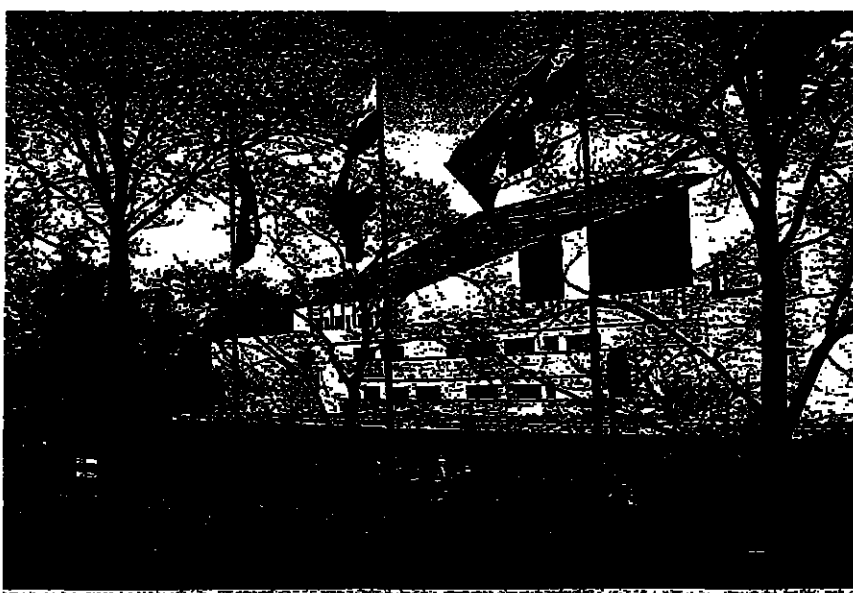
**Buildings and interior design** Visitors to Finland who want a durable souvenir of Aalto should head for an Artek shop. Aalto and his first wife, Aino, co-founded the company to sell their housewares and furniture. While many architects design such interior details, Aalto was one of those rare architects who was equally or even better-known for his consumer designs than for his buildings.

the 1925 Workers' Club, an ingenious circle-within-a-square design. The campus of Jyväskylä University is dominated by Aalto's curvaceous red-brick structures, and he also designed the nearby Alvar Aalto museum.

In Helsinki, Finlandia Hall — perhaps Aalto's best-known building — is the venue for an exhibition called "Alvar Aalto and Helsinki," as well as a full program of concerts, seminars and other events, which visitors can enjoy in the hall's magnificent, light-filled interior. Completed shortly before his death in 1976, this graceful structure was originally decorated with a facade of thin Italian white marble. Unable to withstand urban pollution and harsh winters, the facade began to curl and fall off after only two decades. Ex-



ALVAR AALTO IN HELSINKI: THE STAGE OF THE "CULTURAL HOUSE" (ABOVE) AND FINLANDIA HALL (BELOW).



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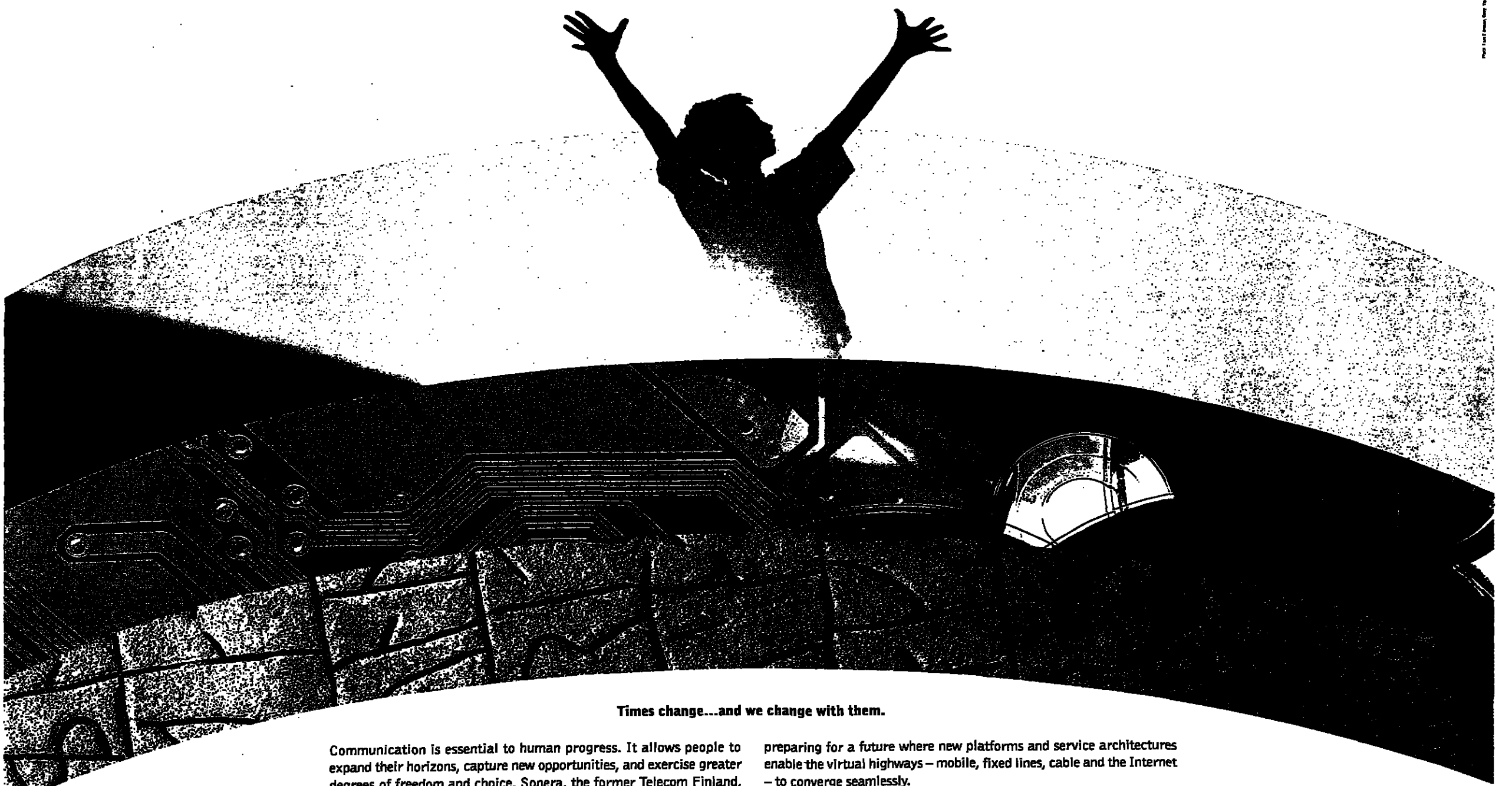
WRITERS: Tim Bird, John Pagni and Wif Stenger, all based in Helsinki.

PHOTOS: All Over Press Finland  
PROGRAM DIRECTOR: Bill Mahler

ALVAR AALTO IS ONE OF THE RARE ARCHITECTS WHO IS AS WELL KNOWN FOR HIS DESIGNS OF FURNITURE AND HOUSEHOLD OBJECTS AS FOR HIS BUILDINGS. THIS YEAR'S CELEBRATION OF THE 100TH ANNIVERSARY OF HIS BIRTH HAS INSPIRED INTERNATIONAL EXHIBITIONS, SEMINARS AND SCHOLARLY PUBLICATIONS. IN ADDITION TO PUBLIC BUILDINGS, AALTO ALSO DESIGNED PRIVATE HOMES, SUCH AS THE AILA MARJA IN NOORMARKKI, FINLAND (ABOVE) CREATED FOR HIS FRIENDS MARJA AND HARRY GELFUSSEN. TOP LEFT: THE INTERIOR OF THE AALTO-DESIGNED ARTEK BOOK STORE IN HELSINKI.

**FINLAND: BUSINESS CENTER OF THE NEW NORTHERN EUROPE**

## CAPTURE A NEW ERA



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## BUSINESS CENTER OF THE NEW NORTHERN EUROPE

## VIBRANT, WORLD-CLASS MUSEUMS

A museum of contemporary art joins Finland's rich cultural landscape.

In late May, the doors of Kiasma — Helsinki's new Museum of Contemporary Art — finally opened to the public. The name refers to the word "chiasma" — a scientific term meaning "crossing over." It was so-named while in the blueprint stage by its designer, New York architect Steven Holl. Kiasma aims to help contemporary art cross over from an elite inner circle to the general public. The museum entices average folks in with free admission to the ground floor and low-priced tickets elsewhere, late opening hours, and plenty of high-tech multimedia and interactive touches.

Since its establishment in 1990, the Museum of Contemporary Art has been, in effect, homeless, borrowing part of a floor at the Ateneum National Gallery. Now it has one of Europe's most up-to-date art halls, worth nearly \$60 million. This vast zinc-coated structure nods to Frank Lloyd Wright's Guggenheim Museum with a sloping, curving walkway. Kiasma's first exhibit focuses on Finnish art; it remains to be seen if it can gather a collection to match the level of the building itself.

Kiasma is just one of several new museums in Finland, joining a fascinating array of older ones. Another opened in May in Helsinki, though on a smaller scale: the Visitor Center in Suomenlinna. This island fortress outside Helsinki harbor is celebrating its 250th anniversary. Accessible only by ferry, Suomenlinna is a vibrant arts community and the capital's single biggest tourist attraction.

Another Helsinki island, meanwhile, features one of the oldest institutions of its kind, the Seurasali Open-Air Museum. Reached via an elegant wooden bridge, Seurasali features antique buildings gathered from all over Finland, including an ornate wooden church dating to 1686.

Outside Helsinki, three former homes of celebrated Finnish artists make fascinating jaunts from the city. The composer Jean Sibelius lived and worked at Ainola in Järvenpää, 45 kilometers north of Helsinki, from 1904 until

his death in 1957. One of Sibelius' drinking partners was "Finland's national artist," Akseli Gallen-Kallela. His self-designed seaside home, Tarvaspää, is also a museum, located just past Helsinki's western border in Espoo.

Around the turn of the century, another set of creative bon vivants, architect Eliel Saarinen and two partners, built themselves a dream villa in Kirkkonummi, west of Espoo. Known as Hvitträsk, this massive National Romantic log house is also a museum, dramatically set on a forested hillside overlooking a lake.

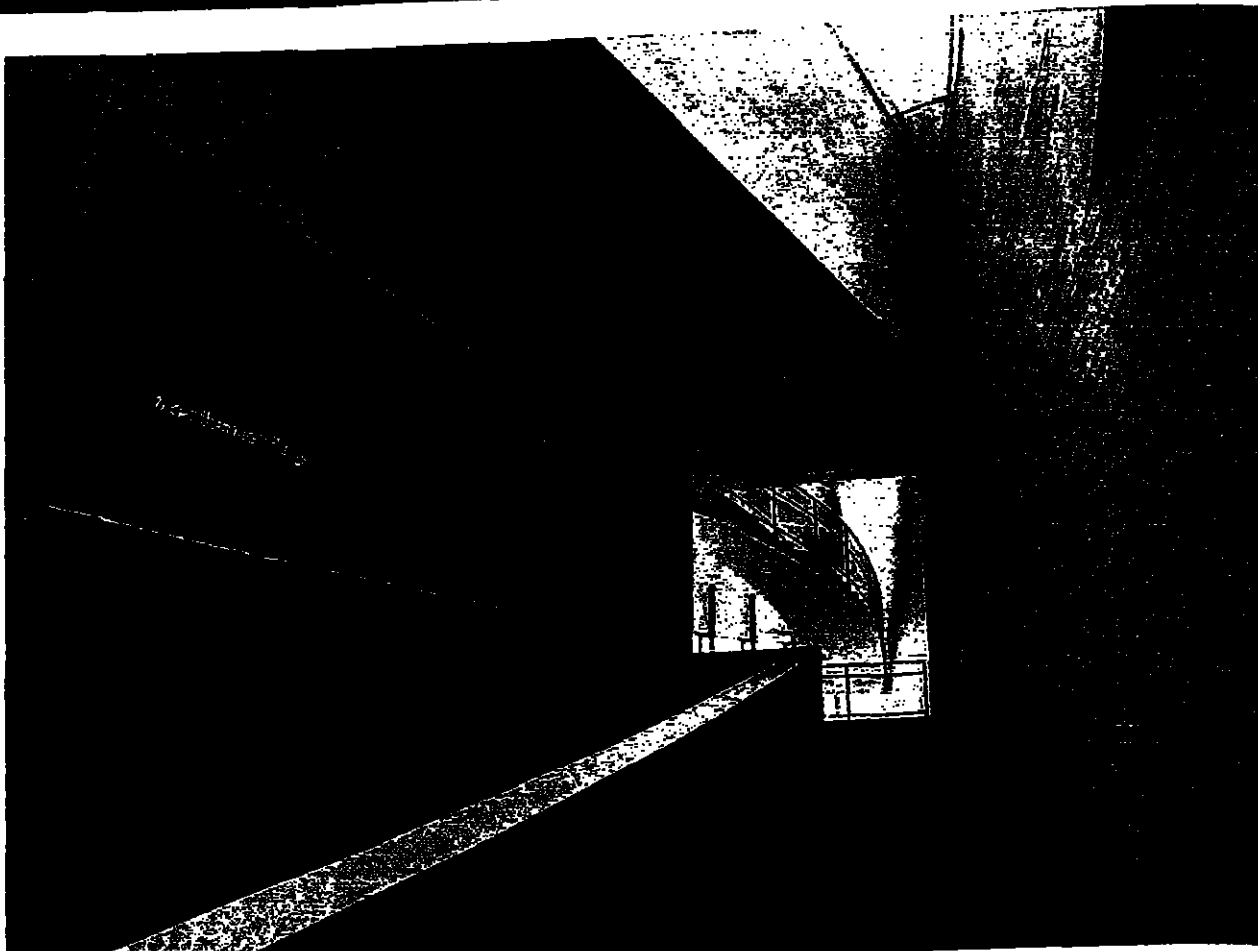
Around Finland, a number of old manor houses have been turned into museums. One gem is Pyhäniemi mansion in Hollola, some 100 kilometers north of Helsinki. A genteel setting with gardens, ponds and antiques provides a backdrop for displays of Finnish contemporary art as well as music and poetry performances.

Tampere, Finland's largest inland city, features an offbeat museum called Moominvalley in its main library building. The collection includes original illustrations by Swedo-Finnish author Tove Jansson, creator of the Moomintrolls, whimsical dioramas and other memorabilia. Finland's oldest city, Turku, unveils its past in the Aboa Vetus museum. Here visitors can see an archaeological dig in progress and relive the city's history through sound and light effects. Its sister museum, Ars Nova, presents contemporary art.

In rural western Finland, the small town of Kaustinen has long been known for its folk musicians, and in recent decades for a top world-music festival. Last year, Kaustinen opened a fully equipped Folk Art Center, with exhibits and events year-round.

In April, yet another sleek new building opened, the Northern Finland Visitor Center and Sámi Museum. Located in Inari, 250 kilometers above the Arctic Circle, the institution honors the indigenous Sámi people of Finland's far north and the natural environment of Europe's last wilderness.

W.S.



TWO INTERIOR VIEWS OF HELSINKI'S NEW MUSEUM FOR CONTEMPORARY ART, "KIASMA." THE MUSEUM LOOKS OUT ON THE PARLIAMENT BUILDING (BELOW).



## COMBINING ECONOMIC SUCCESS WITH ENVIRONMENTAL RESPONSIBILITY

Government, industry and citizens share a commitment to sustainable development.

One salient fact about Finland is obvious from the air: Most of the land area is covered with forest, some 70 percent of it in fact. One reason for this — and a result of it — is the Finns' innate conviction that nature must be protected.

The forest products industry, meanwhile, has long dominated Finland's economy. Though now challenged or even surpassed by the metals sector, the forest industry is showing the way for sustainable development.

"The forest sector has been the most significant in this area," says Seppo Ruonala, a special advisor at the Finnish Environment Institute. "That's because we have this 'forest cluster,' which includes all of the associated sectors. These include metals and machinery, control engineering, consulting, electronics, even logistics, transport, harbors and so on. So action by the forest industry has a broad ripple effect."

In general, Mr. Ruonala says, Finland is well on its way toward the sustainable development outlined by the United Nations-sponsored World Summit on Environment and Development held in Rio de Janeiro in 1992, combining economic success with environmental responsibility. "We have already brought it down to the municipal level and gotten a lot of civic groups involved in reaching these targets," he notes.

Industry has taken up the environmental challenge, partly in response to consumer pressure. What is often seen elsewhere as an expensive annoyance has been turned into a competitive trump card. Finnish companies are eager to demonstrate their environmental commitment internationally, which often provides a marketing edge.

Moves toward sustainable development have even spawned a new sector, developing innovative technologies to preserve the environment. For instance, process control engineering and regulation systems are essential for monitoring and limiting ecological impact. These happen to be areas in which the Finns have long been world leaders. An

"environmental cluster" has emerged, with Finnish know-how finding a ready market.

While consumer pressure for sustainable development is growing internationally, Finnish industry has long been subject to strict environmental legislation as well. Regulatory policy is firmly enforced, and in a small country that treasures its natural environment, transparency on such matters is a necessity. Data on emissions and the like are public information, and most companies stress environmental frankness in their corporate communications.

Many Finnish corporations are committed to the International Chamber of Commerce Business Charter for Sustainable Development. Many have also implemented an array of environmental management tools, from life-cycle assessment to environmental auditing. Many companies, particularly paper manufacturers, have earned the right to use the Nordic swan environmental label on their products, and many also use ISO 14000 or EMAS environmental certification systems.

The forest industry is now developing a voluntary certification system together with environmental officials and nongovernmental organizations. The system will ensure that wood is grown and harvested according to sustainable development principles.

There were differences of opinion, but now the development of forest certification is already in finalization stage, says Mr. Ruonala. "Its credibility outside of Finland is an important objective. But it is clear that certification must be adjusted to local conditions. International certification, such as the FSC system, does not necessarily suit Finnish conditions. For instance, there are differences even between Finland and Sweden. In Sweden, most of the forests are owned by a handful of large companies; in Finland they are mostly small, family-owned lots. In any case, certification should be issued by independent, neutral bodies."

Other sectors have adopted international environmental systems. The largest chemical companies follow the Re-



FINLAND'S NATURAL ENVIRONMENT IS ONE OF THE COUNTRY'S MOST TREASURED — AND PROTECTED — RESOURCES.

sponsible Care program, which monitors and improves ecology, safety and health issues.

The metals sector, including the steadily growing electronics industry, is edging out the forest industry for dominance in the Finnish economy. Here, too, environmental soundness is not only a buzzword, but also a necessity.

With little remaining ore resources of its own, Finland is extremely efficient in recycling metal. Virtually all scrap metal is recovered. Even the high-tech branch actively recycles parts of the ubiquitous mobile telephones, for instance. The electronics sector is also a major supplier of monitoring and control equipment.

The Finns were also highly efficient in energy decades before the ecological trend started. The country is a world

leader in the use of district heating, which reduces emissions significantly, and almost half of the nation's homes are heated from such centralized sources.

While Finnish agriculture has suffered since the country joined the EU, one bright spot is the rising popularity of organic farming among both consumers and producers.

The area of land in certified organic production has doubled in the past year. Demand often outstrips supply, with shopkeepers unable to keep organic dairy products on the shelves.

That's a relatively pleasant problem, though, with positive repercussions for dairies, farmers, consumers — and the environment itself.

W.S.

## FINLAND AND THE EUROPEAN UNION: GIVING EUROPE A NORTHERN DIMENSION

Continued from page 1

could bring that know-how to its fullest fruition if the idea is realized.

The idea parallels the EU's Mediterranean policy, set up in 1995. Budgeted at some \$5 billion over four years, that project aims to develop free trade and other economic and political ties with the EU's southern neighbors and improve conditions in those nations. Such action benefits the Union's neighbors, north or south. One motivation is to narrow the standard-of-living gap between the EU and its neighbors. The policy also aims to block crime, terrorism and even pollution from seeping in over the EU's external borders.

"The effects of environmental problems in the Baltic and northwest Russia spread extensively over Union areas," notes Leif Fagernas, undersecretary of state at the Finnish Foreign Ministry. "There are a large number of nuclear power plants in this area that have been classed as dangerous. We need new political solutions to decrease these risk factors."

Infrastructure and other investments in the region, such as gas and railway lines, would have enormous economic benefits by helping to secure the Union's supply and trading routes.

Mr. Lipponen says, "Economically, this area offers the European Union great potential. In northwestern Russia

and in the Barents region, there are globally significant natural gas and oil deposits. The EU is the most important purchaser of Russian energy and raw materials. In the future, Europe will be largely dependent on energy resources from this area."

The European Union is by far Russia's biggest trading partner. Yet while NATO and the G-7 have set up clear working relationships with Russia, the EU's policy toward Moscow remains undefined. The Union's Partnership and Cooperation agreement with Russia took effect late last year, but Mr. Lipponen sees it as too superficial and ambiguous. The situation may be tolerable for the moment, but may become

problematic as former East Bloc states and Soviet republics begin to join the Union, and political uncertainty continues in Moscow.

The notion has gained nods of approval from various corners of the EU. On a visit to Helsinki in March, Portuguese Foreign Minister Antonio Guterres voiced strong support for the idea. "We hope that it will aid the stabilization of Europe," he said, "especially

because Russia is included, in many economic and political initiatives."

Finland is in a unique position to lead this initiative. In 1999, Finland will be among the first 11 countries participating in the European single currency. It will also hold the EU's rotating presidency during the last six months of the millennium, culminating in a Helsinki summit in December 1999.

Addressing the Finnish Parliament,

Finland's President Martti Ahtisaari said, "The Northern Dimension project announced by the Finnish government has received support both within and outside the Union. We shall continue to concentrate determinedly on promoting the project."

Finland is expecting a European Commission response on the Northern Dimension proposal by the end of this year.

Wif Stenger

## AT THE HEART OF A GROWING MARKET

Continued from page 1

percent of its shares are in foreign hands, and it truly operates on a global scale."

Foreign investors account for around 50 percent of shareholders in Valmet, the world's leading paper machinery firm, which in 1996 became the third Finnish company to be listed on the New York Stock Exchange.

Says Leo Allo, Valmet's vice president for corporate communications: "The paper business is global, so our strategy is to help our customers to be winners in their business by serving the industry all over the world. Valmet has production in the three main markets: Europe, North America and Asia."

The recent consolidation in the Finnish banking sector has for the first time involved cross-border mergers. When Finland's Merita bank joined up with Nordbanken of

Sweden, it was clearly stated that the Nordic and Baltic countries were the new market area.

Similarly, the energy giant Neste-IVO operates and has interests in most of the NNE.

The benefits to be garnered are not purely economic. Political and security advantages are linked as well.

"The natural gas network, oil and other natural resource reserves linked to Western technology and finance will be positive, and the development of the NNE is in harmony with European and Finnish interests," Mr. Natri says. "The challenges are so huge they must be met en bloc."

At Finland's suggestion, a Northern Dimension initiative has been launched by the EU to ensure sufficient financing through existing programs to the country's less-developed neighbors. As Mr. Natri puts it, "If our neighbors are prosperous, so are we."

John Pagni

## On-Line Resources

Virtual Finland (Ministry of Foreign Affairs):  
http://virtual.finland.fi  
Finland Online: www.funet.fi/resources  
Statistics Finland: www.stat.fi/stat.html  
Finnish Foreign Trade Association:  
www.experts.finland.fi  
City of Helsinki: www.hel.fi

Helsinki Stock Exchange: www.hsx.fi  
Helsinki 2006 Project (Winter Olympics bid):  
www.helsinki2006.org  
Kiasma Museum of Contemporary Art:  
www.kiasma.fing.fi  
Finnish National Gallery: www.fng.fi  
Finnish Tourist Board: www.mek.fi



## EUROPE

## Forward-Looking VW Gets Reminder of Past

By Alan Cowell  
New York Times Service

BONN — One week after it bought Britain's Rolls-Royce, and just as it adds Italy's Lamborghini sports cars to its automotive stable, Volkswagen, Germany's biggest auto concern, is discovering that its yearnings for a prestigious future stand to be tainted by reminders of an inglorious past.

From modest offices at Bremen University, a lecturer named Klaus von Muenchhausen announced Friday that, acting on behalf of 30 Holocaust survivors, he planned to sue Volkswagen — Europe's most profitable car concern — for the unpaid wages of Jewish slave laborers during World War II.

The legal action brought a blunt reminder of Volkswagen's roots not only as Hitler's favored car company, or "people's car," but also as a key player in the Nazi armaments industry, building war materiel ranging from jeeps to the V-1 rockets that rained down on London.

And, Mr. von Muenchhausen said, the action could set a legal precedent for other companies including Ford, whose German subsidiary also employed slave labor during the Second World War.

Mr. von Muenchhausen, who is still fighting a separate court action on behalf of slave laborers at Auschwitz, said the plaintiffs in the newest suit, all now living in Israel, were Hungarian-born Jews who had been chosen for slave labor — rather than the gas chamber — in the notorious "selection" process at Auschwitz. Most of them were teenagers at that time.

They worked at Volkswagen plants around Wolfsburg in Lower Saxony from 1944 to 1945 in jobs

that included work on the flight stabilization mechanism of V-1 rockets. Based on what a German worker would have earned at the time, Mr. von Muenchhausen said, they were owed about \$28,000 apiece.

In private talks, however, Volkswagen has refused to respond to individual claims, which are not covered by the laws under which

Audi announced Friday that it had signed a letter of intent to take over Lamborghini and would negotiate the deal in coming weeks. The Italian company makes only about 200 cars a year, but they sell for prices of \$200,000 and upward.

Under Hitler's armaments minister, Albert Speer, slave labor became a massive and brutal venture

forced laborers, saying it is impossible to quantify the appropriate amounts.

Volkswagen officials dealing with the issue did not return calls on Friday to verify reports that the company was prepared to make some kind of payments to the Eastern and Central European countries from which many slave laborers came.

Mr. von Muenchhausen's action has broader political consequences because, he said, the state of Lower Saxony has a 20 percent stake in Volkswagen. One of the directors on its supervisory board, thus, is Gerhard Schroeder, the Lower Saxony state premier, who is the opposition Social Democrats' candidate to challenge Chancellor Helmut Kohl in national elections next September.

Mr. Schroeder is unlikely to want to be drawn into an emotional dispute over Germany's Nazi past at a time when he is trying to present himself as the emblem of Germany's future, political experts said.

## Volkswagen faces a lawsuit for the unpaid wages of Jewish slave laborers during World War II.

Germany has paid out about \$58 billion to victims of Nazi persecution.

The claims are being made at a time when Volkswagen is embroiled in an expansion program supposed to enhance its range with such glitzy marques as Rolls-Royce, for which the German car company is paying more than \$700 million, and Lamborghini, which it is acquiring through its Audi subsidiary for a reported sum between \$85 million and \$145 million.

employing at least 7 million people.

Mr. von Muenchhausen said, however, that postwar German laws that offered compensation for imprisonment and damaged health caused by Nazi persecution made no provision for slave laborers.

Two years ago, Volkswagen published a history of its wartime operations in which it acknowledged employing slave labor. But the company has refused to pay out individual claims for wages owed to

## 4 Countries Report Low Inflation

Interest Rates for Euro Will Be Close to German Levels, Data Show

Bloomberg News

FRANKFURT — Inflation in four of Europe's biggest economies remained tame in May, government reports showed Friday, suggesting that interest rates will be close to low German levels when a common currency is formed in January.

Consumer prices rose 0.1 percent in France and Spain and fell 0.1 percent in the Netherlands. In Germany, Europe's biggest economy, prices rose 0.3 percent in the month as the prices of package tours and fresh fruit increased. In all four countries, the annual inflation rate was at or below 2 percent.

Lack of price pressure in most of the 11 countries joining monetary union will help them move toward a unified interest rate by Jan. 1, when the euro is introduced, analysts say. In countries such as Spain and Italy, falling inflation has allowed central banks to cut rates closer to Germany's 3.3 percent benchmark rate.

"The European Central Bank will be happy," said Stefan

Schneider of Banque Paribas. "If rate hikes are needed in the core countries, they won't happen until the fourth quarter."

The European Central Bank is to take control of setting rates for monetary union after nations lock their exchange rates together and the euro is established. The bank's 17-member governing council, which met for the first time Tuesday, will be able to use its monthly gatherings to discuss steps to a common rate policy.

The reports Friday suggest that any rate increases from Germany, France and other so-called core European countries will come later rather than sooner. France, Germany, Spain and the Netherlands account for almost 70 percent of total gross domestic product in the monetary union area.

The reports "confirm that inflation in euroland as a whole remains subdued," said Elga Bartsch of Morgan Stanley Dean Witter in London. "There is certainly no ur-

gent need for a rate hike."

In France and Germany, inflation has been held down by falling energy prices, a more stable exchange rate for the franc and the Deutsche mark and increased competition by companies bracing themselves for the impact of a common money.

Renault SA, France's largest automaker in terms of sales, had to leave the price of its compact Clio unchanged when it added new features in March.

In the Netherlands, where economic growth is outpacing that of France and Germany, the unexpected drop in May consumer prices may ease concern that the economy is overheating. The annual inflation rate fell to 2.0 percent from a revised 2.4 percent in April, which was the highest among the economies of the 11 euro countries.

Spanish consumer prices rose 0.1 percent in the same period, as falling energy prices limited the effect of rising costs of services such as tourism.

## BT to Spend £70 Million to Link Services

Continued from Page 1

LONDON — British Telecom PLC, the dominant British telephone company, and its European partners said Friday that they would invest £70 million (\$114.1 million) to build a high-speed network to link their national operations.

The network, which will link Britain, Germany, Italy, France, Switzerland, Belgium and the Netherlands, will start operation in early 1999 and is the first phase of BT's pan-European connection plan. It will add 7,000 kilometers (4,200 miles) of fiber optic cable to the existing 25,000 kilometers in those countries. The network will include switching centers in 200 cities.

British Telecom also said Friday that it expected to plow another £1 billion into its Continental joint ventures by the middle of 2001.

The latest investment brings to £2 billion the amount BT has invested in Europe so far, where it is focusing on high-growth data and mobile telecommunications as well as fixed-line phone service. The company said investment that supports data services has grown to about 50 percent of its annual spending, from less than 5 percent in 1994.

"This provides the foundation for the European partners," said Alfred Mockert, president and chief executive of BT's global division, "to offer their customers a new range of multimedia services such as high-speed private circuits, Internet backbones, Intranets and enhanced broadcast services."

The European companies in which BT has stakes and which will participate in the project are Albacom in Italy, Cegtel in France, Sunrise in Switzerland, Telfort in the Netherlands, BT Belgium and VIAG Interkom in Germany.

The companies ordered telecommunications equipment, based on digital technologies called Synchronous Digital Hierarchy and Digital Video Division Multiplexing, from Northern Telecom Ltd., the second-largest maker of phone equipment in North America.

Internet revenue in Western Europe will grow to \$30 billion in 2001, from \$1 billion in 1997, according to International Data Corp., of Framingham, Massachusetts.

(Bloomberg/Reuters)

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5750	6250	4300
5400	6000	4000
5050	5750	3700
4700	5500	3400
4350	5250	3100
4000	5000	2800
3650	4750	2500
3300	4500	2200
2950	4250	1900
2600	4000	1600
2250	3750	1300
1900	3500	1000
1550	3250	700
1200	3000	400
850	2750	100
500	2500	0

Source: Reuters

## Very briefly:

- Bertelsmann AG's CLT-Ufa and Kirch Group plan to raise their stakes in the pay-TV channel Premiere to 50 percent each. The German Federal Cartel Office said CLT-Ufa, a joint venture of Bertelsmann and Audiofin SA, had asked to raise its 37.5 percent stake in Premiere by buying a 12.5 percent stake held by Canal Plus SA of France. Bertelsmann said Kirch would file for its increase soon.
- BCE Inc. sold its 14.25 percent stake in Cable & Wireless Communications PLC, Britain's largest cable company, for £975.2 million (\$1.59 billion), thereby leaving the British cable television industry.
- Packard Bell NEC will invest £26 million to create a "build to order" personal computer plant in Livingston, Scotland.
- South Africa's markets suffered another rough day as the rand hit a fresh low after the Reserve Bank cut its key repurchase, or repo, rate by 0.5 percentage point, to 17 percent. The dollar rose hit a high of 5.3000 rand in local trading before retreating to 5.2495 rand, against 5.2550 on Thursday.
- The European Bank for Reconstruction and Development said that it had begun selecting a host for the bank, with Germany formally nominating Horst Koehler, a German banker and the consensus European Union candidate.
- Ford Motor Co.'s British subsidiary said that a shortage of supplies of door latches had brought production at its biggest plant in Britain to a standstill since Thursday night. A spokeswoman for Ford of Britain said the company hoped to resume production at the plant in Dagenham, east of London, next week.
- BAT Industries PLC's shareholders agreed to sell the company's financial services business to Zurich Insurance Co. of Switzerland, sealing a \$1.87 billion deal to create Europe's fourth-largest insurer and the world's second-largest tobacco company.

(Bloomberg/Reuters)

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## WORLD STOCK MARKETS

Friday, June 12  
Daily prices in local currencies.

Telex

High Low Close Prev.

Amsterdam

AEX Index: 1172.48

Previous: 1163.29

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High Low Close Prev.

Frankfurt

DAX: 5678.82

Previous: 5678.82

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High Low Close Prev.

Jakarta

Composite Index: 408.37

Previous: 411.54

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High Low Close Prev.

London

FTSE 100 Index: 6250.00

Previous: 6250.00

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**Friday's 4 P.M. Close**

The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
 The Associated Press

# Nintendo Cut-Video Game's Price by 17%

## Hong Kong

### Stock

#### JAPAN Prints the Fake

#### YEN In a C

#### BRANDS Make Sales

#### ENTERTAINMENT

Herald Tribune



ASIA/PACIFIC

# Nintendo Cuts Video Game's Price by 17%

**Bloomberg News**  
KYOTO, Japan — Nintendo Co. said Friday that it was slashing the price in Japan of its Nintendo64 home video-game player by 17 percent in a move to challenge the dominance of Sony Corp.'s PlayStation in the domestic market.  
Kyoto-based Nintendo will lower the price to 14,000 yen (\$98.94) from 16,800 yen in a bid to lift market share in Japan, the company president, Hiroshi Yamauchi, said. The price cut takes effect July 1.  
Over the past year, Nintendo rang up 89 percent of its Nintendo64 sales overseas, where the machine sells far better than in Japan. Hardware for the PlayStation, the Nintendo64's main rival in the estimated \$15 billion worldwide video-game market, outsold Nintendo64 hardware about fivefold in Japan in the year that ended March 31.  
The price cut means the Nintendo64 will sell for 4,000 yen less than the PlayStation, and 6,000 yen less than Sega Enterprises Ltd.'s Saturn machine, the third best-selling home video-game player.  
Domestic shipments of the Nintendo64 fell by almost half in the year that ended March 31, Nintendo shipped 1.11 million units within Japan, from 2.04 million units the previous year.  
Sony had shipped 32.82 million PlayStation 2 units in the year that ended March 31, Nintendo shipped 16.14 million Nintendo64 players. The PlayStation was introduced in 1994, the Nintendo64 in 1996.

# Hong Kong Bear Paws the Ground

**Bloomberg News**  
HONG KONG — As Hong Kong's benchmark stock index hovers near a three-year low and economies across Asia tip into recession, Hong Kong's biggest bear says he is beginning to feel down-right bullish.  
Marc (Dr. Doom) Faber is the bears' bear, a gloom-monger who said for years that stocks, property prices — just about everything it seemed — was going to go to hell and soon.

The 52-year-old Swiss-born fund manager was so wrong for so long that many rivals called him a crank. But now, just when he's found new companions in misery, Mr. Faber is switching sides.  
"I am actually quite optimistic, these days," he said Friday in Hong Kong. "If you buy Asian equities, you can achieve a profit. If you don't stay in too long."  
But in a week that the Hong Kong index fell to its lowest level since 1995 — tumbling 7 percent

to 7,886.07 points Thursday — Mr. Faber is recommending investors buy Asian stocks for the first time in four years. On Friday the index rose to 7,915.44 points.  
The bear says Asian stocks are a buy because they've become so cheap they're likely to benefit from temporary rallies of up to 50 percent at a time before declining again.  
He did not list recommendations but said he had already bought some "second-liner" stocks in Hong Kong.

# Central Bank Steps Back In To Aid Yuan

**Reuters**  
SHANGHAI — Worried by the weakening yen and bearish trade data, China's central bank intervened in the market Friday for the second time this week to keep the local currency from falling, dealers said.  
The People's Bank of China, the central bank, will continue to try to keep the dollar at around 8.28 yuan on the national foreign exchange market, they said.  
"The central bank bought whenever the yuan approached the key 8.28 level," a dealer in Shanghai said.

On Monday, the central bank bought the yuan for what dealers said was the first time in months after the dollar finished at a six-month high of 8.2805 yuan June 4.  
They saw yuan buying from the bank though not in big volumes, again Friday when the dollar touched an intra-session high of 8.28.  
"The buying was not heavy today because it's easy to support the yuan in a quiet market ahead of the weekend," the dealer said.  
The bank declined to comment. The Shanghai-based market, the China Foreign Exchange Trade System, does not post trading volumes.  
The dollar ended Friday at 8.2796 yuan, up from 8.2793 on Thursday.  
"The yuan was still under the pressure of China's slowing exports," another dealer said. The outlook for the yuan has been dampened further by the weak yen, dealers said.

Dealers in New York said the Bank of China had been a sporadic buyer of yen against the dollar in recent days and weeks.  
The central bank has also been a frequent seller of U.S. Treasury bills, the dealers said, fueling speculation that the bank may be using some dollar reserves to support the yen.  
But a Bank of China official in New York said the bank was not involved in any such dealings. Beijing has repeatedly said it would not devalue the yuan despite the steep depreciation of other Asian currencies.  
Separately, China said Friday that its foreign exchange reserves hit \$140.91 billion at the end of May, but the torrid pace of increase leveled off amid the Asian financial crisis.  
In 1997, China's reserves surged by \$34.9 billion, to \$139.9 billion. According to the figures Friday, they grew by just \$1.01 billion in the first five months of this year.

# Stocks in Seoul Suffer Record Fall

**Compiled by Our Staff From Dispatches**  
SEOUL — South Korean shares tumbled 8.1 percent Friday, in their biggest ever one-day fall, propelled downward by fears that the falling yen could derail efforts for the country's economic recovery.  
The benchmark Korea Composite Stock Price Index closed at 302.09, the lowest since January 1987, down 26.61 points.  
"The yen is killing Asia," said Lee Jae Yuel, a fund manager at Seoul Securities Co. "Investors are selling as much stock as they can."  
The yen's frailty makes Japanese exports of cars, computer chips and consumer electronics cheaper and puts pressure on South Korea to lift its own currency weaken to boost overseas sales. This would make it harder for Seoul to lower interest rates, condemning thousands of

companies to bankruptcy.  
The won weakened slightly on Friday to 1,390.50 to the dollar from 1,389.00 on Thursday.  
"Investors went on a selling spree on signs of instability in other Asian markets amid the yen's plunge," said Park Jun Kye, an analyst at Dong-Ah Securities Co.  
A falling yen means more competition for South Korean exports — bad news for the country's key strategy to revive its economy by selling more goods abroad.  
Japan and South Korea compete in such key products as cars, computer chips and home appliances, and the weak yen makes Japanese goods more competitive overseas.  
Mr. Park said the market sentiment was dampened by concerns that foreign investors may desert the country, scared by growing regional

instability caused by the falling yen.  
South Korea hoped to use its own weak currency to dramatically boost exports. But the falling yen all but dashed such hope, the bank said.  
South Korean car and other companies are already struggling under mounds of unsold products as Koreans tightened their belts and domestic sales plunged.  
Last year, Korea exported \$14.8 billion of products to Japan, equal to 10 percent of its total exports, while it imported \$27.8 billion from Japan, 19.2 percent of its total imports.  
Daewoo Electronics Co., Korea's third-largest home appliance producer, said the weakening yen would crimp its exports to Japan and also lead to greater competition at home.  
(AP, Bloomberg)

# JAPAN: Tokyo Admits the Economy Is in Recession, Underlining Risk to Region

**Continued from Page 1**  
traditionally had some elements of a command economy, and he cautioned that it was now in the throes of an unpredictable transition to more of a market economy.  
"Like Eastern Europe, if you introduce shock therapy and go from a nonmarket to a market, the short-term disruption is enormous," Mr. Rose said. He added, however, that once the transition is made, Japan could be poised for strong growth again.  
Shinpei Nukaya, vice minister of the Economic Planning Agency, said that the negative impact on Japan's economy from the Asian economic crisis was bigger than the government had expected and that the figures "underline the gloomy situation of the national's real economy."

Fears had also risen earlier in the week that one of Japan's largest banks, Nippon Credit Bank, was facing debt-repayment difficulties.  
Nippon Credit Bank said that it had asked 22 holders of its subordinated debt to convert a portion to deposits and had extended the maturity on more than 200 billion yen (\$1.4 billion) in debt. So far, three have rejected the plan, and nine institutions have agreed. But the bank denied that the restructuring was a sign of trouble.  
Taku Yamasaki, a top Liberal Democratic Party policymaker, said Thursday that no bank failures were anticipated in the near term.  
Government officials also tried to reassure the markets that the top priority of the nation would be to chip away the pile of bad bank loans over the next two to three years through an

American-style mechanism that would allow the banks to shed the bad debt from their books and sell the properties taken as collateral.  
Critics, however, are skeptical that the government will move quickly enough to clear up the bad loans, which have swelled to more than \$600 billion since the economic bubble burst in the early 1990s.  
Friday's economic announcement from Tokyo offered new data only for the January-March period, but since Japan's fiscal year ends on March 30, the new figures meant that over the course of the last fiscal year, the nation's gross domestic product fell 0.7 percent. That was the first absolute decline in output since 1974, when Japan grappled with the first oil shock.  
Exports for the first quarter also

declined by 3.8 percent, the first drop in a dozen years, as troubled Asian economies drastically cut back on their imports from Japan.  
Officials point out that the government's \$111 billion stimulus package seems about to be passed by the Parliament, clearing the way for a rush of public funds into the economy. The governing Liberal Democratic Party is counting heavily on the public money to pick up growth.  
But industrial production fell 6 percent in April from the year before, corporate profits have tumbled, prices are falling ominously, and some economists warn that Japan may be sinking into a deflationary spiral, in which falling profits would lead to rising unemployment, which would curb consumption and bring prices down further.

# YEN: Policymakers Are in a Catch-22 Over Bolstering Currency

**Continued from Page 11**  
manufacturers in South Korea, where prices on the Korean Stock Exchange fell 8.1 percent on Friday, that low-priced Japanese products would force the collapse of a number of Korean companies.  
"Trade friction results from problems in the other countries," he said. "If you have a very good economy, there is no political reason for

collapse. What is important is the economic welfare of the country, not the trade imbalance. If people can buy reasonably priced goods, people enjoy themselves."  
Many foreign analysts, however, believe that Japan sees rising exports, often in competition with exports from China and South Korea as well as Western countries, as key to reversing the dismal economic trend reflected in a decline in the gross domestic product by

0.7 percent for the fiscal year that ended on March 31.  
"Exports have been going down because of the Asian turmoil," said Yoshi Nishimoto, an analyst with the HSBC Securities, citing the need to sell elsewhere to make up for the losses.  
"That's the main reason the economy is so bad. The economic downturn is holding interest rates down. They should be higher."  
Analysts questioned whether the government's 16 trillion yen economic stimulus package or plans for sharp cuts in corporate and individual income taxes would have the desired effect of reviving the stalled economy.  
Many analysts believe that the 16 trillion yen, about \$115 billion, would be spent largely on pork-barrel public works projects while individual Japanese prefer to save rather than spend on consumer goods.

The stimulus package is not sufficient, Peter Morgan, senior economist at HSBC Securities, said. "It's pretty much show, very traditional, and it's not large enough to deal with all the problems. They should deregulate more, permitting more merger and acquisition activities, making restrictions easier."  
Mr. Nakamura disagreed. "Instead of accelerating exports, we should stimulate domestic demand," he said. "Tax reform is the key to turning the economy around."  
He called on the government to reduce personal income taxes from their high of 65 percent to 50 percent and corporate taxes from 46.3 percent to 40 percent.  
"If we have enough demand on the domestic market, we don't have to export," Mr. Nakamura said. "Then there will be no trade wars."

# BRANDS: Names Make Sales

**Continued from Page 11**  
people still love to surround themselves with icons that move them," said Seth Siegel, co-chairman of the Beantalk Group, which manages licensing for, among others, Coca-Cola, Harley-Davidson and Hormel, as in Spam, for which there is no game plan yet.  
"When somebody buys a product that is a relic of Harley-Davidson motorcycles or the Coca-Cola polar bears, they are extending their affection for that item and surrounding themselves with icons that are meaningful to them," he said. "They have no idea that it's licensed."  
Siegel also handles licensing for the Vatican Library Collection, which he said he would like to "push a little bit away from religious items" in favor of inspirational and fine-art products.  
Coca-Cola is the success story that has launched a thousand other corporate licensing ventures, but Coke got into the business only as a defensive maneuver. In the early 1980s, lawyers advised the company that if it did not go into the T-shirt market itself, someone else legally could. Coke responded by setting up a licensing program, which started modestly but now consists of a 30-person department overseeing

more than 240 licensees and at least 10,000 products.  
The licensed products range from beach towels and boxer shorts to a silver Coke bottle, a \$75 framed picture made from a Coke can, baby clothes, earrings and even a fishing lure in the shape of a little can complete with feather and hook.  
"It started out as a way to protect the trademark, but now it is part of our overall marketing initiative for Coca-Cola," said Susan McDermott, a company spokeswoman. Coke declined to provide specific sales figures, but 50 million items were sold last year, she said.  
Chrysler Corp. is taking its Jeep brand in many directions, all of them ending up with the higher-income household that typically shops for a Grand Cherokee sport-utility vehicle.  
"If there isn't a fit between the brand and the product you're licensing it to, the consumer is going to think the brand has lost its authenticity," said Debra Joester, president of Hamilton Projects, a unit of Spelling Entertainment.  
With that in mind, the Jeep catalog includes a cordless phone, a boom box complete with miniature TV, silk neckties, a putter, luggage and a line of clothing in addition to mountain bikes.

**Istituto Finanziario Industriale S.p.A.**  
Corporate Offices: 26, Corso Matteotti, Turin, Italy  
Capital Stock: L. 123,500,000,000 fully paid in Turin, Registry of the Companies no. 32727

**Notice of a Shareholders' ordinary and extraordinary general meeting**  
Notice is hereby given that an Ordinary and Extraordinary Shareholders' general meeting will be held in Turin at the offices of TORO Assicurazioni S.p.A., Via Lascaris 4, on Tuesday June 30th, 1998 at 10.00 a.m. and in case of a second call on Wednesday July 1, 1998 at the same place and time, in order to discuss and vote upon the following agenda:

**Ordinary general meeting:**  
1 Report of the Board of Directors and of the Board of Statutory Auditors for the year ended December 31, 1997; financial statements as of December 31, 1997; related resolutions.  
2 Resolutions in accordance with art. 2357, 2357 ter and 2359 bis of the Italian Civil Code.  
3 Resolution in accordance with D.Lgs. December 18th, 1997 n. 472.  
4 Appointment of a Director.

**Extraordinary general meeting**  
- Modification of art. no. 21 of articles of association; related resolutions.  
In order to participate to the general meeting, holders of ordinary (voting) shares and holders of preferred (non voting in the ordinary meeting) shares are required to deposit their certificates, at least five days prior to the meeting, at the corporate offices in Turin - Corso Matteotti 26, or at any of the following banks:

**Authorized banks:**  
In the Federal Republic of Germany: Commerzbank.  
In Switzerland: Banca Commerciale Italiana (Suisse), Credit Suisse and Societe de Banque Suisse.  
In Italy: all the leading banks.

The Board of Directors

The Financial Reports at December 31st, 1997, with the reports of the Statutory Auditors and the Auditors, are deposited at the Corporate Offices at the Shareholders' disposal and will be sent to those who request them.

## Good News to our readers on the French Riviera: The IHT is available at all these fine news agents.

<p><b>(06) ALPES</b> MARTIMES ANTIBES Galerie Azur Place C. Goiran La Fontaine La Courtoise 30, Rue Auberson Le Bello 63, Rue de la République Le Triangle Centre Ciel Carrefour Tabac de l'Alto 24, Blvd du Gal Leduc BEAULIEU-SUR-MER Maison de la Presse 34, Blvd Maritoni BIOT Gloria 15, Rue St. Sébastien CANNES Azur Presse 5, Rue Félix Faure Kiosque Presse (facing Noga Hilton) La Croisette Kiosque Presse (facing Rue Macé) La Croisette Presse 67 Ave. Maréchal Juin Presse Tabac Lerina 63, La Croisette Régale H 7, La Croisette Rubis Presse 12, Rue Jean de Riquette CANNES - LA BOCCA Maison de la Presse 74 Ave. Francis Tonner CAP D'AIX Hall de la Presse 35 Ave. du 3 Septembre CHATEAUNEUF Librairie Presse du Lac Pré-du-Lac JUAN-LES-PINS Maison de la Presse 3 Blvd Edouard Baudoin Presse 55 Ave. de Cannes LA NAPOULE Toute la Presse Immeuble Estrel MANDELIEU Presse Centre Commercial GEANT</p>	<p><b>MENTON</b> Le Palais de la Presse 19, Rue St. Michel Librairie de la Presse 25 Ave. Félix Faure Maison de la Presse 35 Ave. de Verdun MOUGINS Maison de la Presse Centre Commercial Tournay NICE Gunn's Book Shop 75, Rue de France Hall de la Presse 53, Ave. Jean Médecin Kiosque Presse Promenade des Angles Kiosque Presse Centre Commercial Font Neuve Kiosque Presse Place Palais de Justice Le Fortinoy 43 43, Rue de France Presse 37, Rue Massena OPIO Kiosque Presse Centre Commercial Font Neuve Route Nationale PEYMEINADE Tabac Presse St. Marc Route Nationale PLACASSIER Presse Centre Commercial Super U SAINT JEAN CAP FERRAT Préca 10 Ave. Jean Mermoz SAINT PAUL DE VENICE Tabac Presse Place de Gaulle SOPHIA ANTIPOLIS Sophia Presse Place J. Bermond VALBONNE Presse 7, Rue Grande Presse Place de la Poste</p>	<p><b>VENCE</b> Maison de la Presse 55 Ave. Victor Tuby Presse Azur 26 Ave. de la Résistance Tabac Presse du Grand Jardin 46 Ave. Marcellin Maurel VILLEFRANCHE- SUR-MER Maison de la Presse 8 Ave. du Maréchal Foch (98) MONACO MONACO Kiosque Bvd des Moulins Passage Barrière Kiosque Gare S.N.C.F. La Régence 28 Ave. de la Costa Le "Blue Shop" Galerie du Métropole Le Khadim 9 Blvd Albert 1<sup>er</sup> Le Nouvelstand Hotel Loews Galerie Marchande La Selectra 22 Blvd d'Italie Maison de la Presse 22 Boulevard Princesse Charlotte Presse Hotel Beach Plaza 22 Boulevard Princesse Grace Tabac Presse "Le Média" Centre Commercial Fontvieille (83) VAR BANDOL Maison de la Presse 10 Allée Jean Moulin BORMES LES MIMOSAS Point Presse La Favière Presse Zeller 5, Place Gambetta</p>	<p><b>CARQUEIRANNE</b> La Presse Place de la République Maison de la Presse 19, Rue Jean Jaures CAVALAIRE Maison de la Presse 143 Ave. des Allées CAVALAIRE Cavalière Presse Avenue du Cap Nègre LA CROIX VALMER Maison de la Presse Rue Centrale FREJUS Belle Tabac-Press 379 Bvd de la Libération Librairie de l'Aviation Centre Commercial GEANT GASSIN Presse Centre Commercial Gassin la Foux GRIMAUD VILLAGE Presse-Tabac Place Vieille HYERES Presse du Levant Presse du Levant Tabac-Presses Glens Rue Dubussy Presse de Glens LA CRAU Maison de la Presse 10 Ave. du Lieutenant Jean Toucas LA GARDE Maison de la Presse Avenue Gabriel Péri LA LONDE Maison de la Presse 11 Ave. G. Clémenceau LE LAVANDOU Jardins de la Presse Avenue Auguste Renoir Maison de la Presse 2 Ave. du Gal de Gaulle Point Presse Port Lavandou</p>	<p><b>LE MUY</b> Maison de la Presse 1, Route de Calas Presse du Muy 288, Bd de la Libération LE PRADET Maison de la Presse Place Paul Flamenco LE RAYOL CANADEL Presse Avenue du Touring Club LES ISSAMBRES Tabac Presse Souvenirs Route Nationale PIERREFEU Point Presse 1, Rue Gabriel Péri PORT GRIMAUD Presse Place du Marché PLAN DE LA TOUR Presse, Librairie, Papeterie 2, Place Foch PUGET SUR ARGENS Presse Méditerranée Centre Commercial Continent Tabac Presse 2, Rue Charles Gounod SAINT AGULF Hall de la Presse Grand Place SAINT RAPHAEL Kiosque Boulevard René Coty Librairie Presse Le Golf de Valécure SAINT MAXIME Mag Presse Rue des Samazins SAINT TROPEZ Librairie du Port Quai de Suffren Presse, Souvenirs La Croix de Fer SIX FOURS Presse, Librairie, Papeterie 95, Quai St. Pierre TOULON Hall de la Presse Bvd du Maréchal Leduc</p>
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**NASDAQ**

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.  
The Associated Press.

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Country	Year	Value	Unit
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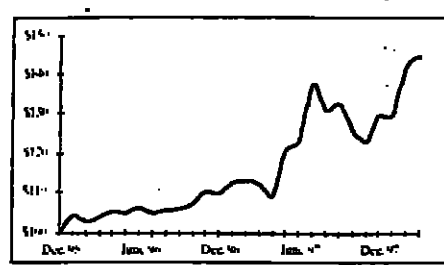
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Net Asset Value per share - situation since inception



Performance Analysis

Net Return	Standard Deviation	Annualized Return	Sharpe Ratio
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1995: 26.84%	16.32%	14.2%	36.4%
1996: 16.32%	14.2%	36.4%	0.67

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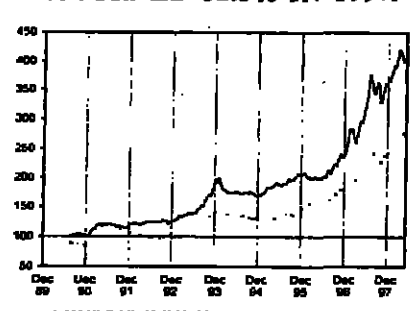


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Privatisations - The Facts

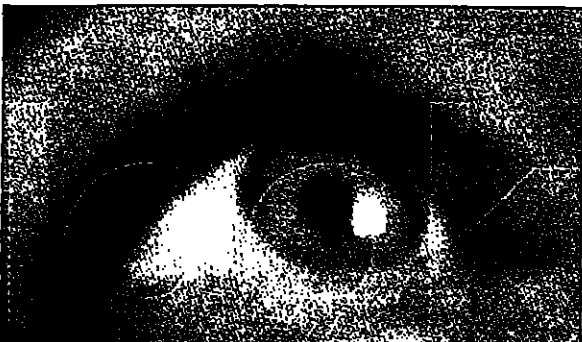
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\* Source: S&P Global. Other top performing global equity funds: 2,594-1.88 in US Dollars. Source: S&P Global. Guinness Flight Privatisation 200 Index v MSCI World ex-US Index. 11/11/98. Minimum fund investment: £2,000/US\$2,000. Minimum monthly investments: £150. Past performance is not necessarily a guide to the future. Privatisation is the sale of state-owned assets to private ownership and changes in exchange rates may mean that the value of this investment and the income from it can fall as well as rise and the value of the fund may fall as well as rise. For your protection please call our helpline. Guinness Flight Global Privatisation Fund Management Limited is regulated by the FSA and the Financial Services Authority.



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Jyske Invest is authorised by the Danish Financial Supervisory Authority. This is to ensure that the assets are managed in accordance with the fund's Articles of Association and the relevant Danish regulatory provisions, which have been submitted to the EU Directive concerning undertakings for collective investment in transferable securities.

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- the top-performing fund of funds in the world for the previous 12 months, as ranked by The Wall Street Journal European and Asian editions on March 5, 1998.
- the top-performing multifund with a U.S. geographic emphasis for calendar year 1998, and for the 12 months through November 1997, as ranked by Lipper Analytical Services.
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### OUTSTANDING EUROPEAN EQUITY GAINS

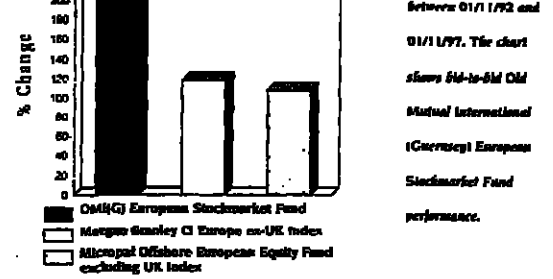
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Fund/Manager	Investment Category	Annualised ROR to 31/03/98	% Positive Months/Std. Dev.
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Shenman Capital Mgmt.	Debt (from 31/12/99)	4.82%	
The Merger Fund Limited	US Equity	14.08%	92.59%
Green & Smith Capital Mgmt.	Merger (from 01/01/96)	2.59%	
Winchester Global Securities Limited	Arbitrage		
PIMCO Stocks PLUS Series	S&P 500 Index	40.97%	73.33%
Pacific Inv. Mgmt. Co.	Tracking (from 31/12/96)	16.46%	
Winchester Convertible Plus	US Convertible	18.33%	83.91%
Oaktree Capital Mgmt.	Debt (from 31/12/99)	7.06%	

The managers of these funds have U.S. funds employing substantially the same policies with histories going back to 1990 (Smith & Green) and 1987 (PIMCO).

For further information contact Anne-Marie da Silva at Olympia Capital International's Bermuda office, at 01 (441) 298-5007, fax at 01 (441) 295-2305, or via e-mail at [AMdaSilva@OlympiaCapital.com](mailto:AMdaSilva@OlympiaCapital.com).

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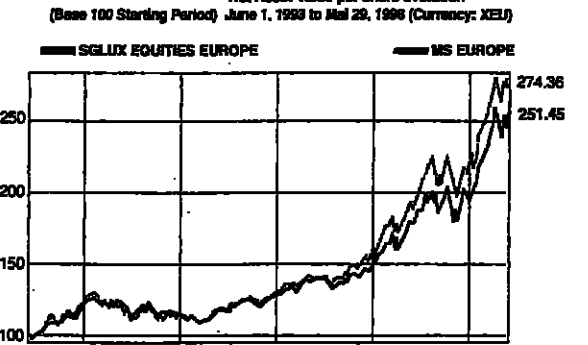
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Net Asset Value per share evolution (Base 100 Starting Period: June 1, 1993 to Feb 28, 1998 (Currency: XEU))



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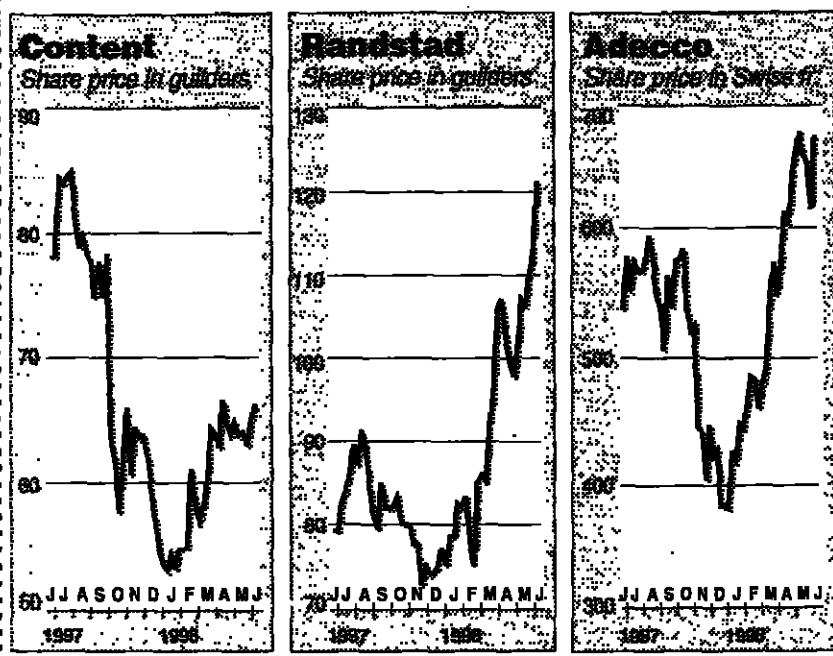


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## European Staffing-Company Shares

In Europe, a New Taste  
For Labor Flexibility

## Growth Outlook Lifts Temp-Agency Stocks

By Conrad de Aenlle

IT SEEMS THAT every trend in Europe — corporate restructuring, labor-market reform, economic recovery, the embrace of new technologies — works to the advantage of companies in the staffing business, and their shares have soared to reflect this.

Over the last 12 months, 14 stocks in the industry tracked by Goldman Sachs International have risen on average by 62 percent.

"On the Continent and in the U.K., companies are outsourcing, focusing on core competencies," Niall MacLeod, who follows the industry for Salomon Smith Barney, said in explaining the appeal of staffing companies to investors.

"There is a desire to have greater flexibility of labor, people doing things at certain times. There is structural long-term growth in the industry."

Driving much of that growth is the fact that governments, especially in large countries like France and Germany, are making it easier for companies to hire and fire.

"With respect to labor reform, there are a lot of reasons to be confident," Mr. MacLeod said. "In Germany, maximum lengths of contracts have been extended for temporary workers, and in Italy, temporary employment has been legalized. There will be huge structural change in the next five years."

Staffing-company placements represent 1.5 percent of European workers, compared with 2.0 percent in the United States. With labor-market restrictions easing in Europe and strong economic growth, they may rapidly increase that proportion to up to 10 percent, said Boris Bernstein of Goldman Sachs.

The industry has undergone a change in the way investors perceive it. Roger Monson, chief equity strategist at Daiwa Europe, said that the industry used to be viewed as countercyclical, with profits and share prices rising as economies were pulling out of recession.

"The countercyclical argument had it that during slow economic times companies would make more use of temps, since they would not want to commit to permanent staff until long-term demand picked up," he said.

The industry is now seen as being more in phase with the economy, and with the European economy apparently in a sustained period of growth, investors are interested.

"The industry as a whole is very much a long-term growth sector," Mr. MacLeod said.

That is especially so for specialty staffing companies in industries such as engineering, information technology and accounting. These, he said, "are growing much faster and tend to have higher margins" than generalist firms. Because their growth is not as robust, general staffing companies — the ones that employ secretaries, bookkeepers and so forth — tend to be more susceptible to economic swings.

Yet despite the apparent advantages of operating in high-growth niches, specialty firms are more cheaply priced, trading at just over 30 times last year's earnings, compared with a multiple of 40 for general companies.

Those are rich valuations — rich enough to warrant caution, analysts said.

"Longer term, the group will continue to be promising," Mr. Bernstein said. "They're not cheap, but given the growth outlook and how cash-generative they are, they're reasonable value."

"But you have to believe we won't see the economic cycle turn in the next two years," he added. "If we do get an economic downturn, they could be bad investments."

Mr. Bernstein has a "trading buy" on Content NV, a Dutch general-staffing company that carries a significantly lower valuation than its peers after a drop in its share price.

Among others in the general sector, he rates Adecco SA of Switzerland a "market outperformer" and gives Randstad NV of the Netherlands a weaker "market performer" opinion.

The British specialty company Select Appointments (Holdings) PLC draws an "outperformer" rating. It had been on Goldman's recommended list, but fell from grace when its shares reached a stiff £9 (\$14.60). Brunel NV, a Dutch specialist, is expected to move in line with the broad market.

Mr. MacLeod has a kinder opinion of Brunel, calling it "a fantastic business."

Timothy Steer, an analyst at Merrill Lynch & Co., has a buy rating on Parity PLC, a British company specializing in information technology, whose margins he expects will improve. He has a neutral rating on PSD Group PLC, which recruits permanent staff for the information-technology industry, not temporary workers.

company, after years of solid growth, went public last autumn.

For Drake Beam, "companies' pressure to reduce personnel is a tailwind," said Michihito Ashiya, an analyst for Ichiyoshi Securities, which specializes in over-the-counter Japanese stocks.

Last year, after-tax profits for Drake Beam surged 100 percent, to 208 million yen (\$1.46 million), a record for the company. Profit slipped 18 percent for the year ending in March, primarily because of costs associated with the public offering of the company's stock and recruitment of new sales staff, which has not yet begun contributing to earnings.

The company, however, forecasts an 18 percent profit growth this year as its new sales force and new branches in Sapporo, Hiroshima and Sendai begin to contribute to the bottom line.

Analysts said that few companies in Japan possess the accumulated know-how and credentials that Drake Beam Morin Japan does in landing new jobs for released managers. According to company figures, 97 percent of its clients are former employees of Japanese companies.

Drake Beam Morin Japan was founded in 1984 when the current president, Atsuhiko Tateuchi, concluded a licensing agreement with the American outplacement agency of the same name to operate a financially independent concern. It has found itself in an increasingly favorable operating environment as the recession in Japan lingers on. The

## Executive Privilege: Earn Now, Payoff Later

## American-Style Bonuses and Stock Options Signal a Trend Toward Deferred Compensation

By Aline Sullivan

AMERICA'S STREETS may not be paved with gold, but they sure can seem that way to executives working elsewhere. Basic salaries are not much higher than in many other countries, but fabulous bonuses and stock options make the United States the land of opportunity, at least for those working well above street level.

Discrepancies between remuneration in the United States and elsewhere are most apparent at the top of the corporate ladder. The rich in America's boardrooms are truly different: Chief executive officers made an average of \$901,181 last year, according to research by the consulting firm Towers Perrin in New York. That is more than half again the amount made by their counterparts in Brazil, Hong Kong and Singapore, and twice that made by those in Australia, Canada, Germany and Japan, according to the study.

That disparity is even more startling at the biggest companies. A recent study by SCA Consulting in London found that chief executives at Fortune 100 companies in the United States make about \$5.4 million on average, or three times that earned by those at Britain's FT-SE 100 companies, even after adjusting for differences in sector, company size and business performance.

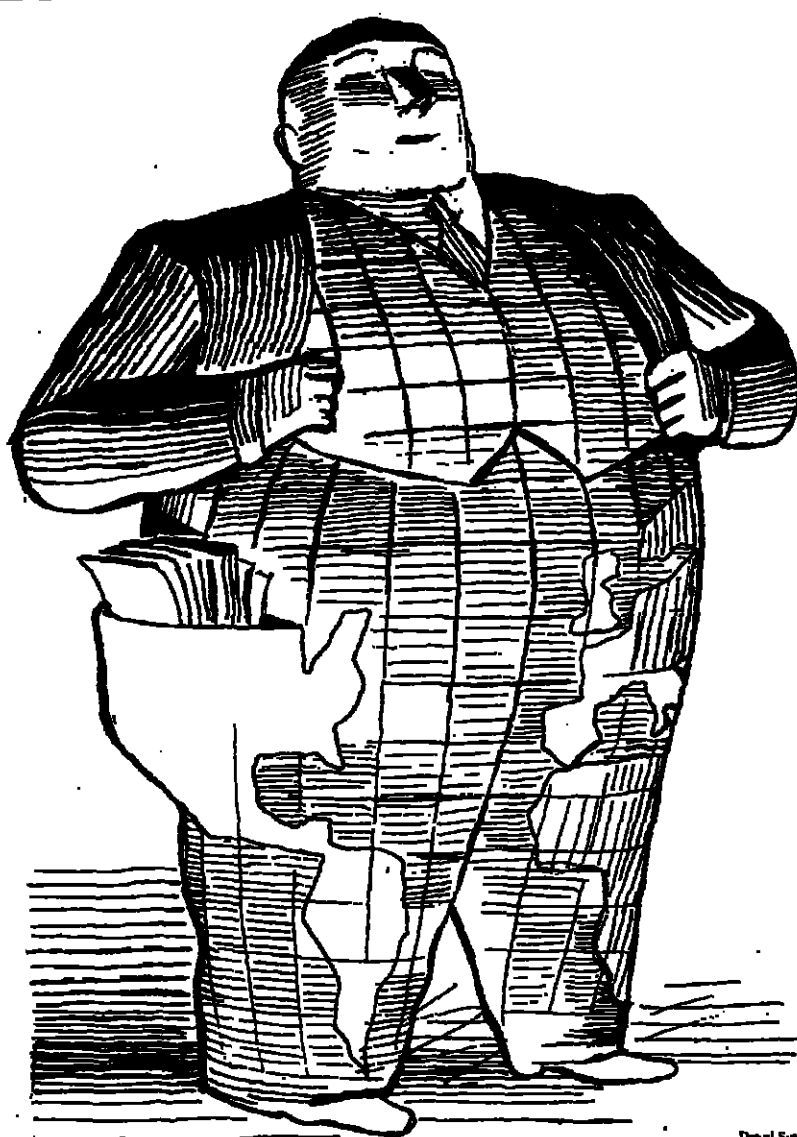
Variable bonuses and long-term incentive awards, notably stock options, send U.S. executives laughing all the way to the bank. Other components of executive compensation — which can include a basic salary plus regular payments such as vacation allowance, compulsory and voluntary company contributions and perquisites such as the annual cash value of company cars and club memberships — are often doled out more generously in Europe and Latin America than in the United States. But their value is usually meager compared with the stock options.

For U.S. chief executives as a group, the variable bonus and long-term incentive-award components account for more than half the total remuneration package, according to Towers Perrin. For chief executives of large companies, they represent about two thirds of the total.

It is this flexibility that enables the huge compensation packages of highly paid executives such as Sanford Weill, head of Travelers Group Inc., who collected \$220 million last year after exercising options on the company's stock, in addition to \$7 million in salary and bonus.

Despite the song lyric, Americans who can make it in New York can not necessarily make it anywhere. What has become commonplace in the United States can still evoke outrage in other, more egalitarian, societies.

Huge paychecks for top executives are almost unheard of in New Zealand, for example, where chief executives average only \$183,233 a year, most of which is basic salary.



## Compensation a la Carte

Total direct compensation as of March 1998, including long-term incentives, in thousands of U.S. dollars.

	Australia	France	Japan	Britain	U.S.
Managing Director	\$189	\$282	\$315	\$322	\$395
Financial Manager	127	146	169	219	317
Operations Manager	106	154	181	184	N.A.
Human Resources Manager	86	125	169	158	193

Source: Towers Perrin

International Herald Tribune

But long-term incentives are increasingly popular in Britain, Germany and in socialist-oriented countries such as France and Sweden.

The SCA study suggested that there were solid reasons for this trend.

"A greater risk-to-reward relationship reinforces a performance-focused culture and balances the importance of short-term and long-term executive decisions," the researchers said.

"While it is debatable whether U.S. CEO pay is sufficiently performance-based, it is undeniable that the pay structure provides a mechanism to achieve this aim."

That same thinking can, and increasingly does, apply to executives lower down the ladder, both in the United States and in other countries.

"More employees, in more countries than ever before, are receiving a larger share of their total remuneration through annual and long-term incentives that directly link individual rewards to measurable business performance," the Towers Perrin report said.

Executives may find their employees

surprisingly receptive to requests for incentives as businesses everywhere struggle to hold on to valued employees.

A recent study by Manchester Partners International, a resource consultancy based in Philadelphia, found that most companies are offering better compensation and benefits, including stock options, profit-sharing and retention bonuses.

They have good reason: Demand for executives worldwide rose 7 percent during the first quarter of 1998, according to International Executive Demand Index.

"Executive demand around the globe is being fueled by technology, software, telecommunications and industrial companies," said Windle Pries, president of Korn/Ferry International North America.

"It's interesting to note that industrial — basic industries of the 20th-century economy — are going head-to-head with companies of the service-oriented millennium economy, competing for top executives."

THAT SAID, substantial stock options remain at least partly the preserve of chairman and chief executives. More than 90 percent of Fortune 100 companies grant stock options to their chief executive, but fewer than half make more than a gesture to the rank and file. Outside the United States, that proportion is far lower.

Top executives in the United States derive more than half their \$395,000 annual average earnings from stock options and bonuses, making them, the best-paid managers in the world. Strip away the long-term incentives, however, and their pay is less than that of their counterparts in Britain and Japan, according to Towers Perrin.

In the field of human resources, where long-term incentives represent a still important but smaller proportion of total compensation — about 20 percent — employees in the United States have less to crow about. The average total remuneration in the field — \$193,000 in the United States — is not much more than in Japan and Britain and is significantly less than in Argentina and Brazil, where perks are more lavish.

Variable bonuses and long-term incentives represent an even smaller proportion — about 10 percent — of the compensation for an accountant with a professional qualification and about five years of experience, according to Towers Perrin. Again, that has a significant impact on the profession's relative earnings: An accountant makes about \$64,646 in the United States, ranking only seventh in the 24 countries surveyed.

Far from the rarefied air enjoyed by U.S. executives are the country's manufacturing employees. Their average \$37,856 compensation, which includes no long-term incentives, is substantially less than that of their counterparts in Germany, Japan and Switzerland and roughly on par with most West European countries.

permanent position. But some observers say that these professionals are part of a cultural change in U.S. society, which sees employment "security" in an individual's skills and experience, and the ability to have several employers instead of depending on just one.

As for the industry's traditional players, like Manpower Inc. and Interim Corp., analysts expect them to remain profitable, but not at the levels of the smaller, professional players. Manpower's profit margins of 18 percent compare with 30 percent for Robert Half.

Paradoxically, the U.S. unemployment rate, which fell to a 28-year low of 4.3 percent last week, is not a bonanza for these more traditional staffing companies, who find the most profitable levels to be from 5.5 to 6 percent.

At the current unemployment level, "their clients need more temporary staff," Mr. Roswell said, "but the flip side is that we are seeing sporadic shortages, where they can fill only one request out of three, so the temporary staff firms have to spend more to recruit and train new employees."

Many of these groups have made acquisitions in Europe, where the industry has more growth ahead than in the United States, although they face fierce competition there, as well as a different set of unknowns.

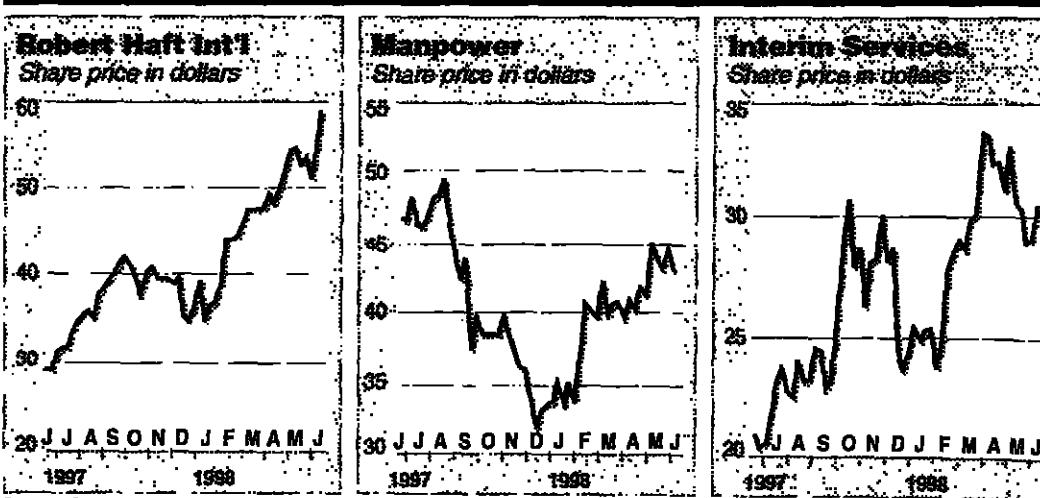
Manpower is a good example. With \$7.3 billion in sales last year, it is seen as a solid, well-managed company, but its first-quarter earnings fell 18 percent when it was hit by unfavorable currency translations. More damage was inflicted when France, where it does 40 percent of its non-U.S. business, repealed tax credits for companies employing low-skill employees.

Manpower Inc. and INTERIM INC. are both traded on the New York Stock Exchange and the Frankfurt Stock Exchange. CDI CORP., INTERIM SERVICES INC. and ROBERT HALF INTERNATIONAL INC. are traded on the New York Stock Exchange.

## Specialists Help U.S. Firms Move Up the Skills Scale

By Judith Rehak

## U.S. Staffing-Company Shares



Scott said she expected Half's share price, currently around \$50, to go as high as \$62 over the next 12 months.

Matthew Roswell, who follows the industry for Legg Mason, a Baltimore brokerage, favors AccuStaff Inc., a company that gets two thirds of its profits from the information technology area. The company provides a range of professionals to the sector, up to those who can handle high-end business software programs made by such companies as SAP AG of Germany and PeopleSoft Inc., commanding top billing rates. AccuStaff's earnings leaped 45 percent in the first quarter of this year. Mr. Roswell expects earnings per share to grow to \$1.31 this year from 98 cents in 1997.

In an even more specialized play, he also likes CDI Corp., the largest supplier of technical and engineering personnel in the United States. The Philadelphia company's stock price slumped in April, when it announced flat earnings, the result of higher-than-anticipated expenses in starting up service for several new customers. That is only temporary in Mr. Roswell's opinion, and he remains positive on the company, which announced several new contracts with, among others, the

aerospace companies United Technologies Corp. and Parker Aerospace, a unit of Parker Hannifin Corp.

Other temporary staffing companies are still operating partly in the lower-paying, traditional end of the business, but lifting profitability through value-added services. One of the most interesting, and a favorite of several analysts, is Interim Services Inc. Its work force is divided equally between office employees and professionals, such as information-technology specialists. But what sets the company apart from its competitors is that it goes on site at a company, in effect setting up a branch that targets, fulfills and supervises all temporary-employee needs.

"They check the temporary staff's productivity against benchmarks, make sure they follow the job through to completion," Ms. Scott said. The company even checks that its temporary staff is properly dressed, she added. She expects Interim to post earnings per share of \$1.25 this year, up from 97 cents in 1997.

One intriguing question is where these companies find such a high level of professional personnel. Some have lost their jobs because of restructuring, only to find temporary work as a way to earn income, if not the avenue to a new

permanent position. But some observers say that these professionals are part of a cultural change in U.S. society, which sees employment "security" in an individual's skills and experience, and the ability to have several employers instead of depending on just one.

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Playing It Safe i  
Buy Dollars and Get an M.L.

W  
The financial world is a dangerous place. The financial world is a dangerous place. The financial world is a dangerous place.

During the last 12 months, 14 stocks in the industry tracked by Goldman Sachs International have risen on average by 62 percent.

"On the Continent and in the U.K., companies are outsourcing, focusing on core competencies," Niall MacLeod, who follows the industry for Salomon Smith Barney, said in explaining the appeal of staffing companies to investors.

"There is a desire to have greater flexibility of labor, people doing things at certain times. There is structural long-term growth in the industry."

Driving much of that growth is the fact that governments, especially in large countries like France and Germany, are making it easier for companies to hire and fire.

"With respect to labor reform, there are a lot of reasons to be confident," Mr. MacLeod said. "In Germany, maximum lengths of contracts have been extended for temporary workers, and in Italy, temporary employment has been legalized. There will be huge structural change in the next five years."

Staffing-company placements represent 1.5 percent of European workers, compared with 2.0 percent in the United States. With labor-market restrictions easing in Europe and strong economic growth, they may rapidly increase that proportion to up to 10 percent, said Boris Bernstein of Goldman Sachs.

The industry has undergone a change in the way investors perceive it. Roger Monson, chief equity strategist at Daiwa Europe, said that the industry used to be viewed as countercyclical, with profits and share prices rising as economies were pulling out of recession.

"The countercyclical argument had it that during slow economic times companies would make more use of temps, since they would not want to commit to permanent staff until long-term demand picked up," he said.

The industry is now seen as being more in phase with the economy, and with the European economy apparently in a sustained period of growth, investors are interested.

"The industry as a whole is very much a long-term growth sector," Mr. MacLeod said.

That is especially so for specialty staffing companies in industries such as engineering, information technology and accounting. These, he said, "are growing much faster and tend to have higher margins" than generalist firms. Because their growth is not as robust, general staffing companies — the ones that employ secretaries, bookkeepers and so forth — tend to be more susceptible to economic swings.

Yet despite the apparent advantages of operating in high-growth niches, specialty firms are more cheaply priced, trading at just over 30 times last year's earnings, compared with a multiple of 40 for general companies.

Those are rich valuations — rich enough to warrant caution, analysts said.

"Longer term, the group will continue to be promising," Mr. Bernstein said. "They're not cheap, but given the growth outlook and how cash-generative they are, they're reasonable value."

"But you have to believe we won't see the economic cycle turn in the next two years," he added. "If we do get an economic downturn, they could be bad investments."

Mr. Bernstein has a "trading buy" on Content NV, a Dutch general-staffing company that carries a significantly lower valuation than its peers after a drop in its share price.

Among others in the general sector, he rates Adecco SA of Switzerland a "market outperformer" and gives Randstad NV of the Netherlands a weaker "market performer" opinion.

The British specialty company Select Appointments (Holdings) PLC draws an "outperformer" rating. It had been on Goldman's recommended list, but fell from grace when its shares reached a stiff £9 (\$14.60). Brunel NV, a Dutch specialist, is expected to move in line with the broad market.

Mr. MacLeod has a kinder opinion of Brunel, calling it "a fantastic business."

Timothy Steer, an analyst at Merrill Lynch & Co., has a buy rating on Parity PLC, a British company specializing in information technology, whose margins he expects will improve. He has a neutral rating on PSD Group PLC, which recruits permanent staff for the information-technology industry, not temporary workers.

company, after years of solid growth, went public last autumn.

For Drake Beam, "companies' pressure to reduce personnel is a tailwind," said Michihito Ashiya, an analyst for Ichiyoshi Securities, which specializes in over-the-counter Japanese stocks.

Last year, after-tax profits for Drake Beam surged 100 percent, to 208 million yen (\$1.46 million), a record for the company. Profit slipped 18 percent for the year ending in March, primarily because of costs associated with the public offering of the company's stock and recruitment of new sales staff, which has not yet begun contributing to earnings.

The company, however, forecasts an 18 percent profit growth this year as its new sales force and new branches in Sapporo, Hiroshima and Sendai begin to contribute to the bottom line.

Analysts said that few companies in Japan possess the accumulated know-how and credentials that Drake Beam Morin Japan does in landing new jobs for released managers. According to company figures, 97 percent of its clients are former employees of Japanese companies.

Drake Beam Morin Japan was founded in 1984 when the current president, Atsuhiko Tateuchi, concluded a licensing agreement with the American outplacement agency of the same name to operate a financially independent concern. It has found itself in an increasingly favorable operating environment as the recession in Japan lingers on. The

permanent position. But some observers say that these professionals are part of a cultural change in U.S. society, which sees employment "security" in an individual's skills and experience, and the ability to have several employers instead of depending on just one.

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# THE MONEY REPORT

## Playing It Safe in Asia

Buy Dollars and Get an MBA, Experts Advise

By Thomas Crampton

**W**HEN BOB Burgess turned up at his new job in July, he had the mission, mandate and means to build a world-class equities research team for a Thai finance company. His timing, however, was atrocious.

During his second day of work in the new office, Thailand dropped its defense of the baht, sending the currency reeling and kicking off an economic crisis that soon engulfed much of Asia.

His company and job were quick casualties of the crisis, but Mr. Burgess said that at least he had the satisfaction of seeing his personal investment plan vindicated.

"The fall of the baht took longer than I expected," he said, "but buying dollars paid off in the end."

The collapse and closure of companies has left thousands of people jobless and many more worried about the future of their employment. In Thailand, two-thirds of the country's finance companies have been shut down within the last eight months, prompting most investment professionals to map out contingency plans in case they lose their jobs.

"I had long before sold out of Thai stocks and already changed most of my baht savings into dollars," said Mr. Burgess, who now works as a consultant on investment projects while searching for a full-time job. "Basically, my plan was — and still is — to convert all baht into dollars and basically stick it under the mattress."

Although the baht touched a low of 58 baht per dollar in January, Mr. Burgess said that up to now he has averaged an exchange rate of 28 baht per dollar.

Philip Sheridan, an investment analyst at Seamco Securities PCL in Bangkok, said it was important for

people worried about their jobs to plan for the worst and avoid risk as much as possible. That means ruling out anything that relies on or could be affected by Asia's now unstable currencies and plunging stock markets.

Mr. Sheridan recommended that people working outside of their home country put all debts and assets into the same currency to limit exposure in case exchange rates change sharply.

Putting equity investments into mutual funds or fixed-income funds rather than individual stocks and applying for credit cards before you lose your job are also possible tactics, Mr. Sheridan said.

"It's easier to line up a pool of credit with the card companies when you still have a job," he said. "At one point, I had enough credit cards to stop working for a year."

### CHANGING JOBS



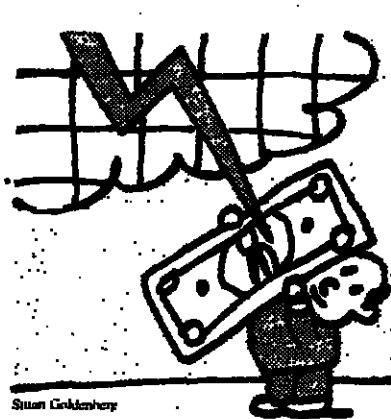
Many analysts in Bangkok's investment community are heavily weighted toward holding dollars in cash. Having watched economic collapse in Asia, these analysts said they were waiting for the other shoe to drop in the United States.

"The markets are so uncertain that people are staying very liquid," said Sriyan Pietersz, strategist at SocGen Crosby Securities in Thailand. "That way they are not committed to a losing market, but if investment opportunities turn up they can take advantage of them."

In Thailand's current high-interest-rate environment, he said, money could be made simply by placing money in fixed deposit accounts with a three-month rollover.

At some point, he added, Thai stocks will be worth buying again and investors should be ready to move quickly.

Rather than face the uphill battle of searching for a job amid a regional recession, many people are investing in higher education. The cost of attending U.S. business schools has shot up for those with savings in local currency, so



Shawn Goldsmith

prospective students are turning to institutions in the region. Many business schools in Asia have reported a record level of inquiries as young professionals consider upgrading their skills.

"In an uncertain job market, people look for ways to better their chances of employment," said Steven DeKray, director of graduate business programs at the Hong Kong University of Science and Technology.

Although Mr. Burgess now has virtually all of his assets in cash or on short-term deposit, he plans to diversify his portfolio over the next two years.

"The dollar will still be O.K., even if you have a global recession," he said. "But I am going to also buy property and gold."

Mr. Burgess said he planned to invest in gold certificates in Singapore, in the hopes that central banks would stop selling off their reserves, which would allow prices to recover from their current low level.

"Gold has been and will be again an important means of storing monetary value," Mr. Burgess said. "In terms of property, the recession here will last three to eight years, so within the next few years it will be a very good place to buy property."

One analyst had a final bit of advice for those worried about their jobs: Develop good relations with a reliable lender of last resort.

"Don't get out of touch with your parents," he said, "in case you have to cash in for a family loan."

## A Grand Tour of European Stock Picks

**I**F YOU'RE impressed with the U.S. stock market, you obviously haven't looked at Europe lately. Over the past 12 months, the Bloomberg European 500 index, which tracks the largest stocks on the Continent, has risen a stunning 86 percent. By contrast, the Standard & Poor's 500 index, the U.S. equivalent, is up 29 percent.

Can Europe continue to rise? Arthur Lerner of Arnold & S. Bleichroeder Inc., the venerable New York investment firm, certainly thinks so. Mr. Lerner manages the First Eagle International Fund, whose mandate is to find great companies around the world, including the United States. Currently, First Eagle has 90 percent of its assets in the stocks of just six European countries: Germany, France, Italy, Britain, the Netherlands and Switzerland.

"This is the most highly concentrated we've ever been in Europe," says Mr. Lerner, a 25-year veteran of global investing. He owns only a few U.S. stocks and none at all in Asia.

Why Europe? "Liquidity," he says. This is financial jargon for cash. What Mr. Lerner means is that Europeans are using their money to buy stocks instead of putting it into real estate, bonds or savings accounts — or purchasing cars or clothes. Like Americans, more and more Europeans are recognizing that their version of Social Security won't provide them with a secure retirement. They need to invest on their own, and with bond returns low, stocks are the obvious choice.

Mr. Lerner is not alone. "The case for investing in Europe remains strong," Robert Carlson, who chairs the Fairfax County Supplemental Retirement system in Virginia, recently wrote subscribers to his excellent Retirement Watch newsletter. "European

interest rates are low and continue to fall as the Continent moves toward a common currency. Many companies in Europe are boosting productivity and actively trying to increase their stock values. In addition, government deficits are falling, and regulations slowly are being eased."

Europe is about ten years behind the United States in making companies more productive, but that's simply a good reason to buy the Continent's stocks now and hold them for at least a decade.

Still, Europe has economic problems. While Germany, France and Italy expect to grow between 2.5 percent and 3.0 percent this year and next, unemployment remains above 11 percent in all three countries, compared with 4.3 percent in the United States. Heavy regulations, taxes and labor rules thwart entrepreneurs and prevent skilled workers from moving to sectors where they're most needed.

Many European companies have figured out ways to circumvent this burdensome system, but, in general, the case for Continental stocks requires a combination of optimism and economic determinism. As I wrote a year ago, "France and Germany, especially, are going to be dragged, kicking and screaming, into the 21st century, whether they like it or not."

Mr. Lerner has been buying Wolters Kluwer NV, a Dutch specialty publisher whose dividends have been growing at 15 percent annually for the past five years.

His single largest holding is Volkswagen AG. A good example of a company that has restructured and repositioned, it's up 70 percent since January. Other German stocks that he owns: Adidas AG, the sportswear maker,

with a price-to-earnings ratio, based on estimated profits this year, of just 10, and Daimler-Benz AG, which is merging with Chrysler Corp.

Mr. Lerner is especially high on Italy, where, he says, "the goal posts are finally lined up" — in other words, the single European currency is enforcing stability.

He has been buying financial stocks like Banco di Napoli SpA and Credito Italiano SpA, but another approach would be simply to purchase shares in the closed-end Italy Fund, which has returned 38 percent so far this year. Top holding for the fund is Telecom Italia SpA, which has tripled in the past two

and a half years.

Such hefty returns trouble Rob Friedman, one of the managers of the four Franklin Mutual Series funds, including Mutual European.

"I think the big caps have run away," he said, referring to European stocks in general. "But there is still value in the small and mid-caps."

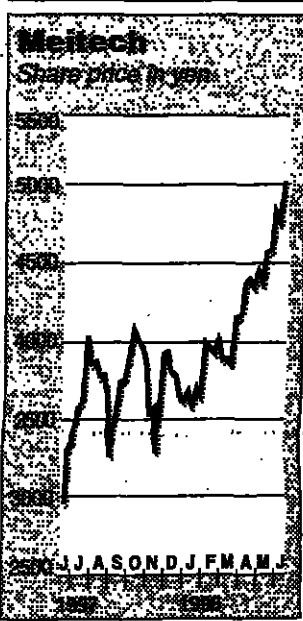
The best values, says Mr. Friedman, are in Britain, which has not participated in the recent run-up of European stock markets — in part because it has decided to stay out of the European monetary union for the time being and in part because it's far ahead of Continental countries in restructuring.

Mr. Friedman has been making unusual investments. One of his largest is in Railtrack Group PLC, which operates the newly privatized British railway infrastructure, owning valuable real estate like Victoria Station. The stock has doubled in the past year.

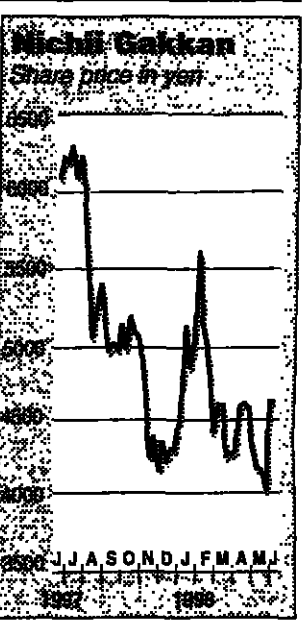
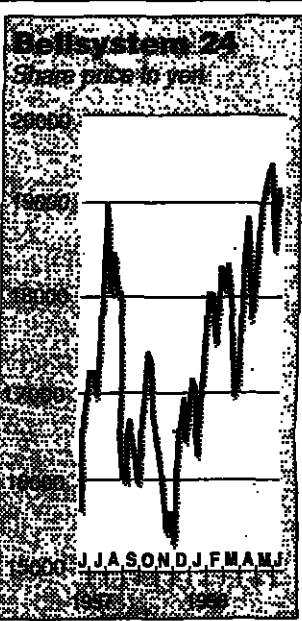
He has also bought Eurotunnel bonds and shares of several French companies, including Suez Lyonnaise des Eaux SA, a diversified utility and industrial company, and Elf Aquitaine SA, an oil company.

Washington Post Service

## Japanese Staffing-Company Shares



Source: Bloomberg



International Herald Tribune

## Job Agencies Prospering in Japan

Continued from Page 18

ents are re-employed within eight months.

Outplacement appears to be a growth market. In addition to the 2.3 million unemployed in Japan, there are an estimated 2 million "internally unemployed" workers at Japanese companies — those who are on the payroll but are without active duties, according to Norio Sanada, an analyst for Nikko Research Center, an affiliate of Nikko Securities Co.

**W**HILE some companies have workers on the payroll with nothing to do, others make a business out of sending their employees to do jobs for other companies. Tadashi Ohta, a small-cap analyst for Jardine Fleming Securities (Asia) Ltd., has a high opinion of what he terms the outsourcing "trio" that rose to prominence in recent years as Japan's employment practices shifted.

Most Japanese companies acutely feel the need to adjust the size of their work force and adopt a new framework for employment — perhaps two of the biggest challenges confronted by Japanese companies, which must downsize their operations as business slows down.

Outsourcing companies exploit the growing desire by employers to lighten their commitments to full-time employment and turn what had been fixed costs into variable costs by replacing full-timers with temporary staffers. These changes, analysts said, allow Japanese companies to reorganize and refocus their business operations.

Meitech Corp.'s expanding business in dispatching engineers to large manufacturers such as Mitsubishi Heavy Industries Co., Sony Corp. and Hitachi Ltd. illustrates the point.

Despite the overall economic slowdown, Japanese manufacturers' desire to outsource technicians from Meitech has been on the up-

swing, said Mr. Ohta of Jardine Fleming, bringing growth in operating profit of about 50 percent for the past three years.

"Demand for dispatched engineers remains strong," Mr. Ohta said. "As the social structure shifts, companies are eliminating full-time employees rather than dispatched workers."

Meitech acts as an employment agency, sending engineers to manufacturers in mechanical, electrical and software fields. But unlike the practice of other such agencies, the workers are full-time employees of Meitech.

The specialist nature of its employees leaves Meitech with a certain insulation against a downturn in the economy, since demand for skilled personnel is not completely cyclical.

Another similar company, Nichii Gakkan Co., dispatches medical clerks to hospitals and clinics. Hospitals save about 50 percent of their wage expenses by using Nichii Gakkan's dispatched workers instead of full-time hires, said Mr. Ohta, an attractive alternative for Japanese hospitals, which are often criticized for being inefficient.

The potential market is huge because only 25 percent of the hospitals so far outsource the kind of work contracted by Nichii Gakkan. About two-thirds of Japanese hospitals are operating at a loss, according to Mr. Ohta.

The company just reported a 1997 profit of 2.4 billion yen, a 38 percent rise from the previous year. Mr. Ohta said he expected the company to enjoy 15 percent annual profit growth over the medium term.

**B**ELLSYSTEM 24 Inc. is another outsourcing star with solid profit growth. The company probably recorded a 50 percent growth in profit, to 2.1 billion yen, for the year ending May 1998, according to a forecast by Jardine Fleming Securities.

telemarketing under contract for companies that are attracted by this increasingly popular sales technique in Japan. Competition is keen, but Bell-

system 24 has a 30 percent market share. The industry itself is rapidly expanding, exceeding 100 billion in revenue for the 1997 financial year, and is set to climb further, fueled by the spread of toll-free services and lower telephone charges, Mr. Ohta said.

While Mr. Ohta said he thought that the stock, which is listed on the Tokyo Stock Exchange's second market, is fairly valued at the current price of around 20,000 yen, any expansion in demand from financial institutions, many of which are actually racing to establish retail trade by telephone, could accord the stock a premium, he said.

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## BRIEFCASE

### Bidding War Afoot For Fonorola?

Fonorola Inc., the long-distance phone company based in Montreal that was recommended in The Money Report on Sept. 6, may become the object of a bidding war.

Call-Net Enterprises Inc. of Toronto, another long distance company, extended its \$1.6 billion cash and share bid for Fonorola until mid-June 2000.

When the offer was first announced on April 15, Fonorola shares jumped 50 percent, to 66.40 Canadian dollars (\$45). They now trade at 67 dollars, based on expectations that Fonorola will be able to come up with a better bid.

Fonorola's vice-chairman and chief executive, Jan Peeters, has said the company is in talks with three other suitors. Two Canadian and one foreign. Among the companies that industry analysts have mentioned as possible buyers are GTE Corp., British Telecommunications PLC and Telus Corp.

Fonorola is considered attractive due to its high-speed fiber-optic networks in Canada and the United States and its gateways in Toronto, New York and London.

According to the Canadian Securities Commission, Fonorola has until June 26 to consider other bids. (IHT)

**Jeweler Egana Sets Rights Issue**

Egana International (Holdings) Ltd., a Hong Kong company featured in the May 30 Money Report issue on underfollowed stocks, is hoping for a bigger following. The maker and distributor of name-brand jewelry and watches had postponed a rights issue in January and said it had enough cash to get through the Asian financial crisis.

Now, with the Hong Kong market plunging, Egana has decided not to wait any longer to raise funds. In an announcement published Thursday that drove its stock down by 20 percent in one day, Egana is now proposing to increase the number of

shares outstanding by 140 percent, in addition to listing separately its jewelry business. According to the company, current shareholders will be better off if they subscribe to the rights issue, since they are eligible for two new shares for every five they now hold, plus a bonus issue of five more shares and two shares of the new jewelry subsidiary.

The money Egana hopes to raise — about 441 million Hong Kong dollars (\$57 million) — will go to pay for newly acquired brands, expansion of the European distribution network and the expansion of the jewelry business.

Subscribers to the rights issue must pay 35 Hong Kong cents a share, a discount to the 40 cents the stock was at when it last traded. But foreign shareholders must either have a Hong Kong address or register their shares with Hong Kong's central clearing system in order to be eligible for the issue. Pending shareholder and stock exchange approval, the company is to begin trading July 27. (IHT)

**2 New Stock Funds From SunAmerica**

SunAmerica Inc.'s money-management unit is introducing two stock mutual funds, one to be overseen by outside portfolio managers and another to invest in the "Dogs of the Dow."

The Style Select Series Focus Portfolio will be managed by Elizabeth Bramwell of Bramwell Capital Management Inc., Spiros Segalas of Jenison Associates LLC and

Tom Marsico of Marsico Capital Management LLC, the company said. Each will be responsible for managing one third of the portfolio, choosing their 10 favorite stocks.

The "Dogs" of Wall Street Fund will invest in a portfolio of the 10 highest-yielding stocks that make up the Dow Jones Industrial Average and 20 high-yielding stocks that are part of the Standard & Poor's 400 Industrials Index. (Bloomberg)

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35 MERILL LYNCH BOND PORTFOLIO	10.24	124 INVESTMENT MANCO N.Y. Y	10.24
36 MERILL LYNCH BOND PORTFOLIO	10.24	125 INVESTMENT MANCO N.Y. Z	10.24
37 MERILL LYNCH BOND PORTFOLIO	10.24	126 INVESTMENT MANCO N.Y. AA	10.24
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51 MERILL LYNCH BOND PORTFOLIO	10.24	140 INVESTMENT MANCO N.Y. AO	10.24
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WORLD ROUNDUP

# Slumping Sampras Exits Early Again

By [Name]

Andre Agassi won his second straight match, defeating Pete Sampras in the first round of the U.S. Open. Agassi, the 1995 champion, won in straight sets, 6-4, 6-3, 6-4. Sampras, who has lost five of his last six matches, was defeated in the first round of the U.S. Open. The match was a surprise, as Sampras is the defending champion and Agassi is a former champion. The match was played at the U.S. Tennis Center in Flushing Meadows, New York. The match lasted 2 hours and 15 minutes. Agassi's victory was a significant upset, as Sampras is the favorite to win the tournament. Agassi's coach, Brad Gilbert, said that his player was "very confident" and "very focused" during the match. Agassi's victory was a sign of his resurgence in the sport. He has won the U.S. Open twice, in 1995 and 1996. He has also won the Wimbledon and the Australian Open. Agassi is currently ranked second in the world. Sampras, on the other hand, is ranked fourth. He has won the U.S. Open three times, in 1994, 1997, and 1998. He has also won the Wimbledon and the Australian Open. Sampras is currently ranked first in the world. The U.S. Open is one of the four Grand Slam tournaments in tennis. It is held annually in Flushing Meadows, New York. The tournament is one of the most prestigious in the sport. The winner of the U.S. Open receives a prize of \$1,000,000. The tournament is also one of the most watched in the world. It is broadcasted on television and radio. The U.S. Open is a major event in the tennis calendar. It is a time when the world's best players compete for the title of U.S. Open champion. The tournament is a highlight of the tennis season. It is a time when fans can see the best players in the world in action. The U.S. Open is a must-watch event for tennis fans.

## Exp...

### More Tennis

**BASKETBALL**

The Celtics defeated the Bulls 91-85 in the first round of the NBA playoffs. The Celtics won the game in overtime, 10-9. The game was a close contest, with the Bulls leading for most of the first three quarters. The Celtics came out strong in the fourth quarter, scoring 28 points to the Bulls' 15. The Celtics' victory was a significant upset, as the Bulls are the favorite to win the championship. The Celtics' coach, Doc Rivers, said that his team was "very confident" and "very focused" during the game. The Celtics' victory was a sign of their resurgence in the sport. They have won the NBA championship twice, in 1984 and 1986. They have also won the NBA Finals. The Celtics are currently ranked first in the Eastern Conference. The Bulls, on the other hand, are ranked second. They have won the NBA championship four times, in 1991, 1992, 1996, and 1997. They have also won the NBA Finals. The Bulls are currently ranked first in the Eastern Conference. The NBA playoffs are one of the most prestigious in the sport. It is a time when the world's best players compete for the title of NBA champion. The playoffs are a highlight of the basketball season. It is a time when fans can see the best players in the world in action. The NBA playoffs are a must-watch event for basketball fans.

## SCOREBOARD

**BASEBALL**

**MAJOR LEAGUE BASEBALL**

Team	Score	Opponent	Score
Atlanta Braves	5-4	Florida Marlins	3-2
Boston Red Sox	6-5	New York Yankees	4-3
California Angels	7-6	Los Angeles Dodgers	5-4
Cleveland Indians	8-7	Chicago Cubs	6-5
Colorado Rockies	9-8	San Francisco Giants	7-6
Detroit Tigers	10-9	St. Louis Cardinals	8-7
Houston Astros	11-10	San Diego Padres	9-8
Los Angeles Angels	12-11	Texas Rangers	10-9
Minnesota Twins	13-12	Seattle Mariners	11-10
New York Yankees	14-13	Washington Nationals	12-11
Philadelphia Phillies	15-14	Arizona Diamondbacks	13-12
Pittsburgh Pirates	16-15	Montreal Expos	14-13
San Diego Padres	17-16	San Francisco Giants	15-14
Seattle Mariners	18-17	St. Louis Cardinals	16-15
St. Louis Cardinals	19-18	Texas Rangers	17-16
Texas Rangers	20-19	Washington Nationals	18-17
Washington Nationals	21-20	Arizona Diamondbacks	19-18
Arizona Diamondbacks	22-21	Montreal Expos	20-19
Montreal Expos	23-22	San Francisco Giants	21-20
San Francisco Giants	24-23	St. Louis Cardinals	22-21
St. Louis Cardinals	25-24	Texas Rangers	23-22
Texas Rangers	26-25	Washington Nationals	24-23
Washington Nationals	27-26	Arizona Diamondbacks	25-24
Arizona Diamondbacks	28-27	Montreal Expos	26-25
Montreal Expos	29-28	San Francisco Giants	27-26
San Francisco Giants	30-29	St. Louis Cardinals	28-27
St. Louis Cardinals	31-30	Texas Rangers	29-28
Texas Rangers	32-31	Washington Nationals	30-29
Washington Nationals	33-32	Arizona Diamondbacks	31-30
Arizona Diamondbacks	34-33	Montreal Expos	32-31
Montreal Expos	35-34	San Francisco Giants	33-32
San Francisco Giants	36-35	St. Louis Cardinals	34-33
St. Louis Cardinals	37-36	Texas Rangers	35-34
Texas Rangers	38-37	Washington Nationals	36-35
Washington Nationals	39-38	Arizona Diamondbacks	37-36
Arizona Diamondbacks	40-39	Montreal Expos	38-37
Montreal Expos	41-40	San Francisco Giants	39-38
San Francisco Giants	42-41	St. Louis Cardinals	40-39
St. Louis Cardinals	43-42	Texas Rangers	41-40
Texas Rangers	44-43	Washington Nationals	42-41
Washington Nationals	45-44	Arizona Diamondbacks	43-42
Arizona Diamondbacks	46-45	Montreal Expos	44-43
Montreal Expos	47-46	San Francisco Giants	45-44
San Francisco Giants	48-47	St. Louis Cardinals	46-45
St. Louis Cardinals	49-48	Texas Rangers	47-46
Texas Rangers	50-49	Washington Nationals	48-47
Washington Nationals	51-50	Arizona Diamondbacks	49-48
Arizona Diamondbacks	52-51	Montreal Expos	50-49
Montreal Expos	53-52	San Francisco Giants	51-50
San Francisco Giants	54-53	St. Louis Cardinals	52-51
St. Louis Cardinals	55-54	Texas Rangers	53-52
Texas Rangers	56-55	Washington Nationals	54-53
Washington Nationals	57-56	Arizona Diamondbacks	55-54
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Montreal Expos	59-58	San Francisco Giants	57-56
San Francisco Giants	60-59	St. Louis Cardinals	58-57
St. Louis Cardinals	61-60	Texas Rangers	59-58
Texas Rangers	62-61	Washington Nationals	60-59
Washington Nationals	63-62	Arizona Diamondbacks	61-60
Arizona Diamondbacks	64-63	Montreal Expos	62-61
Montreal Expos	65-64	San Francisco Giants	63-62
San Francisco Giants	66-65	St. Louis Cardinals	64-63
St. Louis Cardinals	67-66	Texas Rangers	65-64
Texas Rangers	68-67	Washington Nationals	66-65
Washington Nationals	69-68	Arizona Diamondbacks	67-66
Arizona Diamondbacks	70-69	Montreal Expos	68-67
Montreal Expos	71-70	San Francisco Giants	69-68
San Francisco Giants	72-71	St. Louis Cardinals	70-69
St. Louis Cardinals	73-72	Texas Rangers	71-70
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Washington Nationals	75-74	Arizona Diamondbacks	73-72
Arizona Diamondbacks	76-75	Montreal Expos	74-73
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San Francisco Giants	78-77	St. Louis Cardinals	76-75
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Texas Rangers	80-79	Washington Nationals	78-77
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Arizona Diamondbacks	214-213	Montreal Expos	212-211
Montreal Expos	215-214	San Francisco Giants	213-212
San Francisco Giants	216-215	St. Louis Cardinals	214-213
St. Louis Cardinals	217-216	Texas Rangers	215-214
Texas Rangers	218-217	Washington Nationals	216-215
Washington Nationals	219-218	Arizona Diamondbacks	217-216
Arizona Diamondbacks	220-219	Montreal Expos	218-217
Montreal Expos	221-220	San Francisco Giants	219-218
San Francisco Giants	222-221	St. Louis Cardinals	220-219
St. Louis Cardinals	223-222	Texas Rangers	221-220
Texas Rangers	224-223	Washington Nationals	222-221
Washington Nationals	225-224	Arizona Diamondbacks	223-222
Arizona Diamondbacks	226-225	Montreal Expos	224-223
Montreal Expos	227-226	San Francisco Giants	225-224
San Francisco Giants	228-227	St. Louis Cardinals	226-225
St. Louis Cardinals	229-228	Texas Rangers	227-226
Texas Rangers	230-229	Washington Nationals	228-227
Washington Nationals	231-230	Arizona Diamondbacks	229-228
Arizona Diamondbacks	232-231	Montreal Expos	230-229
Montreal Expos	233-232	San Francisco Giants	231-230
San Francisco Giants	234-233	St. Louis Cardinals	232-231
St. Louis Cardinals	235-234	Texas Rangers	233-232
Texas Rangers	236-235	Washington Nationals	234-233
Washington Nationals	237-236	Arizona Diamondbacks	235-234
Arizona Diamondbacks	238-237	Montreal Expos	236-235
Montreal Expos	239-238	San Francisco Giants	237-236
San Francisco Giants	240-239	St. Louis Cardinals	238-237
St. Louis Cardinals	241-240	Texas Rangers	239-238
Texas Rangers	242-241	Washington Nationals	240-239
Washington Nationals	243-242	Arizona Diamondbacks	241-240
Arizona Diamondbacks	244-243	Montreal Expos	242-241
Montreal Expos	245-244	San Francisco Giants	243-242
San Francisco Giants	246-245	St. Louis Cardinals	244-243
St. Louis Cardinals	247-246	Texas Rangers	245-244
Texas Rangers	248-247	Washington Nationals	246-245
Washington Nationals	249-248	Arizona Diamondbacks	247-246
Arizona Diamondbacks	250-249	Montreal Expos	248-247
Montreal Expos	251-250	San Francisco Giants	249-248
San Francisco Giants	252-251	St. Louis Cardinals	250-249
St. Louis Cardinals	253-252	Texas Rangers	251-250
Texas Rangers	254-253	Washington Nationals	252-251
Washington Nationals	255-254	Arizona Diamondbacks	253-252
Arizona Diamondbacks	256-255	Montreal Expos	254-253
Montreal Expos	257-256	San Francisco Giants	255-254
San Francisco Giants	258-257	St. Louis Cardinals	256-255
St. Louis Cardinals	259-258	Texas Rangers	257-256
Texas Rangers	260-259	Washington Nationals	258-257
Washington Nationals	261-260	Arizona Diamondbacks	259-258
Arizona Diamondbacks	262-261	Montreal Expos	260-259
Montreal Expos	263-262	San Francisco Giants	261-260
San Francisco Giants	264-263	St. Louis Cardinals	262-261
St. Louis Cardinals	265-264	Texas Rangers	263-262
Texas Rangers	266-265	Washington Nationals	264-263
Washington Nationals	267-266	Arizona Diamondbacks	265-264
Arizona Diamondbacks	268-267	Montreal Expos	266-265
Montreal Expos	269-268	San Francisco Giants	

The data in the list above is the n.a.v. supplied by the fund groups to Micropal SA. It is collated and reformatted into the list before being transmitted to the IFT, Micropal and the IFT website. It is not an offer or a recommendation. The list is not and shall not be deemed to be an offer by the IFT or Micropal to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent financial adviser before investing.



WORLD ROUNDUP

Slumping Sampras Exits Early Again

**TENNIS** Pete Sampras suffered a setback in his Wimbledon preparations Friday when he was beaten in straight sets by Mark Woodforde of Australia at the Queen's Club grass-court tournament in London.

The top-seeded Sampras, who had a bye in the first round and beat Wayne Black in the second round, looked flat as he slumped to a 6-3, 6-2 defeat on his favorite surface.

It was the latest surprising loss for Sampras, who was ousted in the second round of the French Open by the little-known Ramon Delgado of Paraguay.

Sampras had beaten the 66th-ranked Woodforde, known primarily as a doubles specialist, in all of their previous 10 matches, dropping only two sets in the process.

Queen's also lost its No. 2 seed when Greg Rusedski of Britain suffered an ankle injury during his third-round match against an Italian qualifier, Laurence Tielemans. (AP)

Steffi Graf, improving with each match in her preparation for Wimbledon, advanced to the semifinals of the DFS Classic in Birmingham, England, with a straight-set victory over Maria Luisa Serna of Spain on Friday.

The seven-time Wimbledon champion took 68 minutes to beat Serna, 6-4, 6-4, and set up a semifinal clash with the defending titleholder, Nathalie Tauziat of France.

Graf, playing her third tournament since a knee operation last June, dropped only one service game to the left-hander from Barcelona. The German said her comeback was progressing better than she had expected. (AP)

More Trouble for Rodman

**BASKETBALL** Dennis Rodman, the Chicago Bulls' forward who led his team to victory in Game 4 of the NBA finals, has been sued for the second time in less than a week.

In a complaint filed Wednesday, a woman named Dixie Johnson claims the Chicago Bulls star grabbed one of her breasts and made lewd comments about it to spectators at the Las Vegas Hilton in April.

The lawsuit said Rodman committed battery and violated the federal Violence Against Women Act. Johnson is seeking compensatory damages of \$300,000 and punitive damages of \$3 million, plus attorney fees.

On June 5, James Brasich, a craps dealer at The Mirage in Las Vegas, filed a \$300,000 lawsuit against Rodman for allegedly humiliating him in October by rubbing his bald head, stomach and groin with the dice before rolling them. (AP)

Wings Soar in Overtime

Comeback Victory Gives Detroit a 2-0 Lead

By Joe Lapointe  
New York Times Service

**DETROIT** — Their goalie made another critical mistake to allow another shabby score that threw his team into a tailspin.

Because of this, they squandered an early lead and fell behind by two goals — not once, but twice. They lost an important attacker with an injury midway through the game.

So what would the Detroit Red Wings do for the rest of Game 2 of the Stanley

cup championship series that will resume Saturday night with Game 3 in Washington.

Last year, Detroit swept the Philadelphia Flyers in the finals. In fact, every championship round since 1994 has ended in the minimum four games.

Steve Yzerman, the Detroit captain, scored two of the Detroit goals, one while short-handed, Lapointe and Doug Brown scored in the third period to tie it.

Peter Bondra, Chris Simon, Adam Oates and Joe Juneau scored for the Capitals, who had won five consecutive overtime games in this tournament.

The Capitals might have short-circuited a Detroit comeback in the middle of the third period had Esa Tikkanen finished a scoring chance. Shortly after Lapointe cut the Washington lead to 4-3, Tikkanen found himself alone in front of Detroit's Chris Osgood, with the goalie sprawled out of position. But Tikkanen shot the puck wide, and Detroit kept its momentum.

Ron Wilson, the Washington coach, said the Capitals "had the win right on Esa Tikkanen's stick."

Tikkanen said: "I had the open net for like, three, four seconds. Next time, I have to make sure that it is in."

In the overtime period, Detroit had a 12-3 edge in shots on goal. For the game, the Red Wings' advantage was 60-33. They began the game with their dazzling, swirling attack — skating, passing, shooting with grace and energy — and seemed primed for a rout until Osgood let down his guard on a confusing play at 1:51 of the second period.

When Washington's Jeff Brown cleared the puck from his end of the ice,



Olaf Kolzig, the Capitals' goalie, sprawling as Kris Draper's game-winning shot flies by him in overtime.

it appeared at first that icing would be called against the Capitals. But no Red Wing got to the puck as it crossed the Detroit blue line.

Because Washington's Andrei Nikolishin had touched the puck as it passed through the neutral zone, an off-side possibility no longer held. So Peter Bondra raced to the puck and fired it behind Osgood from a bad angle in the left-wing faceoff circle.

In the three previous playoff rounds, Osgood had given up three goals on long shots from outside his blue line, one against each opponent. This time, his gaffe was to relax and forget about

defending his goal when no whistle sounded to stop play.

Reeling from this, the Wings then gave up two goals in the next 10 minutes to Simon and Oates, making it 3-1. Right after this, Osgood tried to throw a puck at Washington's Craig Berube, after a whistle.

He missed and, instead, hit the referee, Don Koharski, and got an unsportsmanlike-conduct penalty for his efforts. On a team full of unflappable veterans, Osgood is an inconsistent and undependable weak link.

Yzerman got one back while short-handed early in the third period, but

Juneau made it 4-2 less than a minute later, on the same power play, at 7:05. At this point, the Red Wings were being taunted by Simon and other Capitals' toughies. But instead of getting mad, the Wings got even.

"We were fortunate Tikkanen missed the open net," Yzerman said. "That was the break we needed."

They surged without Slava Kozlov, one of their top attackers, who left the game in the second period with a charley horse in his leg after being checked hard and legally by Sergei Gonchar. His condition is uncertain for the next game.

Expos Snap Yankees' Streak

The Associated Press

It is not unusual to see a high-scoring inning in a New York Yankees game. It is unusual, however, when the opponent is scoring the runs.

The Yankees' nine-game winning streak ended Thursday night when the Montreal Expos rallied for seven runs in the seventh inning for a 7-5 victory.

Vladimir Guerrero started the Expos' outburst with a double and capped it with a three-run double as Montreal batted around.

The visiting Yankees took a 5-0 lead into the seventh before the Expos rallied against five pitchers. Andy Pettitte, the starter for New York, left because of a twinge in his hip after giving up doubles to Guerrero and Rondell White.

Mike Stanton then gave up a walk and a single to load the bases, and Jose Vidro followed with a sacrifice fly to make it 5-2. The Expos went on to score five more runs, including Brad Fullmer's two-run double off Jeff Nelson (3-3).

**Mets 5, Marlins 3** Bobby Jones won his fifth straight decision, Mike Piazza homered and Edgardo Alfonzo drove in the go-ahead run as New York won in Miami. Jones (6-3) allowed three runs and seven hits in seven innings, and John Franco pitched the ninth for his 14th save.

**Athletics 5, Mariners 2** In Oakland, Mike Oquist got his fourth straight

BASEBALL ROUNDUP

victory, although his bid for his first career shutout was spoiled by Ken Griffey Jr.'s American League-leading 26th homer with two outs in the eighth inning, and John Franco pitched the ninth for his 14th save.

Oquist (4-3) allowed two runs and eight hits in 7 1/3 innings. He struck out six and did not walk a batter.

**Angels 10, Diamondbacks 5** In Phoenix, Dave Hollins homered twice and Darin Erstad had four hits, including a homer, for Anaheim. Hollins and Matt Walbeck connected to key a five-run first inning for the Angels.

An All-German Final for NFL Europe

By Mike Carlson  
Special to the Herald Tribune

**FRANKFURT** — What World Cup? For more than 50,000 fans in Frankfurt on Sunday, the only game in town will be American football.

That's when the hometown Galaxy take on Dusseldorf's Rhein Fire for the NFL Europe's World Bowl championship. It will be the Galaxy's third final in four years, but the first at home before what many feel are the league's most devoted fans.

Frankfurt, one of the three original World League teams in 1991, and Rhein, born in Dusseldorf in 1995 when the league restarted as an all-European circuit, have been the showcase franchises for NFL Europe this year. So much so that a third German team will be added next season, in Berlin, most likely by transferring either the Barcelona franchise or the Scotland franchise, which along with England have suffered at the gate and on the field.

Scotland, a preseason favorite, won only two games this season and England won only three, prompting the resign-

nation of the former NFL receiver Lionel Taylor as its coach.

Since the England Monarchs won the first World Bowl in 1991 before 61,000 fans in Wembley Stadium, British interest has dropped sharply. The Monarchs averaged less than 6,000 spectators per game at three different sites this season, and Scotland drew just 8,500 per game in Edinburgh and Glasgow.

The Galaxy almost didn't make it to their own party. They needed a victory at Rhein in last week's regular-season finale to clinch a spot in the final. Trailing 14-0 before a Dusseldorf record crowd of 42,225, Frankfurt lost its quarterback, Damon Huard, to a separated shoulder. But Chris Dittoe filled in and sparked a comeback, and Ralf Kleinmann kicked a game-tying field goal with 1:43 remaining.

A 56-yard punt return by Kenny McEntyre then set up Kleinmann's 46-yard game winner with less than minute left in overtime.

Frankfurt emerged as the league champion the next day when Amsterdam's victory over Scotland relegated Rhein, which had led the league from

the season's first week, to the runner-up spot. The Dutch triumph capped a remarkable head coaching debut for Dick Curi, the longtime offensive coordinator for Jack Bicknell with the Barcelona Dragons and, before that, at Boston College. Curi was voted the league's coach of the year.

Rhein's coach, Galen Hall, has lost twice in World Bowls, with the Orlando Thunder in 1992 and last year when the Dragons snuffed the Fire in Barcelona.

After a 6-0 start this season, his team has lost three of its last four games. Hall hopes his team will recover the same way Barcelona, which had lost four of five before last year's final, did against his team. In Marcus Robinson, the wide receiver allocated from the Chicago Bears, he has the league's most valuable player on offense.

"I know we can put it all together Sunday," Robinson said. "There's too much talent on this team not to."

One such talent, the quarterback Mike Quinn, allocated from the Pittsburgh Steelers, sprained his ankle on the Fire's last play last week. He has not practiced all week, but is expected to start.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
New York	46	14	.767	—
Boston	37	25	.597	10 1/2
Toronto	32	33	.492	16 1/2
Baltimore	31	34	.477	17 1/2
Tampa Bay	27	37	.422	21

CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	38	26	.594	—
Minnesota	29	34	.460	8 1/2
Chicago	26	37	.413	11 1/2
Detroit	23	38	.377	13 1/2
Kansas City	23	40	.365	14 1/2

WEST DIVISION

Team	W	L	Pct.	GB
Texas	39	25	.609	—
Anaheim	36	27	.571	2 1/2
Oakland	28	34	.450	11 1/2
Seattle	28	38	.424	12 1/2

NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	45	21	.682	—
New York	42	25	.590	6 1/2
Philadelphia	29	33	.469	14 1/2
Montreal	25	39	.391	19 1/2
Florida	19	46	.292	25 1/2

CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	40	24	.625	—
Chicago	38	26	.594	2
Pittsburgh	32	32	.500	7 1/2
Milwaukee	31	31	.500	8
St. Louis	30	34	.469	10
Cincinnati	28	38	.424	13

WEST DIVISION

Team	W	L	Pct.	GB
San Diego	41	25	.621	—
San Francisco	41	25	.621	—
Los Angeles	32	32	.500	7 1/2
Colorado	27	37	.420	14 1/2
Arizona	21	45	.318	20

THURSDAY LINESCORES

AMERICAN LEAGUE

Seattle 000 000 020—2 11 1  
Oakland 000 221 008—7 0 0  
Fassero and D. Wilson (Cubs) (8),  
Taylor (B) and MacFarlane (W)—Quail 4-3.  
L-R—Fassero 5-3, Sw—Taylor (11).  
HR—Seattle, Griffey Jr. (26).

New York 000 021 101—5 9 0  
Florida 210 000 000—3 9 1  
B.J. Jones, Bohannon (B), Rojas (B), J.  
Franco (P) and Piazza (J. Sanchez)  
Edmondson (P), Alfonso (B) and Zeno  
W.—B.J. Jones 6-3, L.—J. Sanchez 3-3, W.—  
Franco (14), HRs—New York, Piazza (12).  
Volante 3-3, L.—Edmondson 2-2, Sw—Urbina (15).  
HR—New York, T. Martinez (10).

INTERLEAGUE  
N.Y. Yankees 000 001 000—5 6 1  
Minnesota 000 000 200—7 8 2  
Pettitte, Stanton (7), Nelson (7), Lloyd (7),  
Holmes (7) and Garza (Pavano, M. Valdes  
(6), Kline (B), Urbina (P) and Widger, W.—  
Volante 3-3, L.—Edmondson 2-2, Sw—Urbina (15).  
HR—New York, T. Martinez (10).

MINNESOTA VS. NEW YORK  
Pettitte, Stanton (7), Nelson (7), Lloyd (7),  
Holmes (7) and Garza (Pavano, M. Valdes  
(6), Kline (B), Urbina (P) and Widger, W.—  
Volante 3-3, L.—Edmondson 2-2, Sw—Urbina (15).  
HR—New York, T. Martinez (10).

MINNESOTA VS. NEW YORK  
Pettitte, Stanton (7), Nelson (7), Lloyd (7),  
Holmes (7) and Garza (Pavano, M. Valdes  
(6), Kline (B), Urbina (P) and Widger, W.—  
Volante 3-3, L.—Edmondson 2-2, Sw—Urbina (15).  
HR—New York, T. Martinez (10).

MINNESOTA VS. NEW YORK  
Pettitte, Stanton (7), Nelson (7), Lloyd (7),  
Holmes (7) and Garza (Pavano, M. Valdes  
(6), Kline (B), Urbina (P) and Widger, W.—  
Volante 3-3, L.—Edmondson 2-2, Sw—Urbina (15).  
HR—New York, T. Martinez (10).

MINNESOTA VS. NEW YORK  
Pettitte, Stanton (7), Nelson (7), Lloyd (7),  
Holmes (7) and Garza (Pavano, M. Valdes  
(6), Kline (B), Urbina (P) and Widger, W.—  
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(6), Kline (B), Urbina (P) and Widger, W.—  
Volante 3-3, L.—Edmondson 2-2, Sw—Urbina (15).  
HR—New York, T. Martinez (10).

CRICKET

SURSEK VS. SOUTH AFRICA

THURSDAY MATCH, FIRST DAY  
FRIDAY IN ARLUND, ENGLAND  
Sursec: 253-5

SRI LANKA VS. NEW ZEALAND

THURSDAY TEST, THIRD DAY  
FRIDAY IN COLOMBO, SRI LANKA  
Sri Lanka: 206 and 282  
New Zealand: 193 and 10-0.

TENNIS

DFS CLASSIC

FRIDAY IN BIRMINGHAM, ENGLAND  
Nathalie Tauziat (F, France) def. Kerry-  
Anne Case (A, Australia), 6-2, 6-3.  
Elena Likhovtseva (R, Russia) def. Dami-

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

NEW YORK—Put OF Bernie Williams on 15-day disabled list. Recalled OF Rickey Ledesma from Columbus, IL.

SEATTLE—Activated OF Jay Buhner from 15-day disabled list. Options OF Dave McCarty to Tacoma, PCL.

TORONTO—Sent LHP Ben Van Vliet outright to Syracuse, IL, and C David Morgan outright to Dunedin, FL.

NATIONAL LEAGUE

SAN DIEGO—Signed RHP Travis Dragne, 3B Kevin Eberhardt, OF Jeremy Owens, C Sean Campbell, RHP John Meyers, OF Joshua Loggins, 1B Joseph Dusan, RHP Michael Bell, RHP Stephen Williams, RHP Brian Lawrence, RHP Jeremy Flacc, RHP Keith Forbes, OF Jonathan Cook, 2B John Wickerson, RHP Ryan Bauer, OF Michael Hays, SS Bryan Schmidt and 3B Alejandro Pineda.

PHILADELPHIA—Signed CB Bobby Taylor to 1-year contract and OF Chris Allex to 2-year contract.

SEATTLE—Released 5 Benjie Blades.

TAMPA BAY—Agreed to terms with OF Todd Washington on 3-year contract, and OF Chance McCarthy on 2-year contract.

CANADIAN FOOTBALL LEAGUE

SASKATCHEWAN—Named Bob Dlabalski director of player personnel and Hugh Vessos special advisor.

TORONTO—Released OL Mario Delina, OL Derrick Mason, RB Jermaine Brown, DB Jon Nielsen, WR Steven Smith, DL Tony Daniels, DL John Emery, LB Jay Clarke, DB Sean Homed, DB Clarence Lawson, DB D'Ante Solomon and P-PK Brian Mitchell.

SOCCER

MAJOR LEAGUE SOCCER

CHICAGO 5, San Jose 2  
STANDINGS: Eastern Conference: D.C. 20 points; Columbus 21; NY-NJ 19; Miami 11; New England 10; Tampa Bay 9; Western Conference: Los Angeles 34 points; Chicago 22; Dallas 18; San Jose 15; Colorado 14; Kansas City 14.

RUGBY UNION

TONGA TOUR

FRIDAY IN PAPAKURA, NEW ZEALAND  
Counties Manukau 15, Tonga 22

THE WEEK AHEAD

SATURDAY, JUNE 13

GOLF, Sapporo, Japan — Sapporo Tokyo Open, to June 14; Kobe, Japan — Suntory Ladies Open, to June 14; Slieve, Hill, England — men, European Grand Prix, to June 14; Rye, New York — golf, men, Buick Classic, extension, through 2002.

TRANS AMERICA ATHLETIC CONFERENCE—Elected Dr. Jeff Altier vice president of the presidents council, Jeff Altier vice president, Blake Hughes secretary and Dr. Ben Kelley and Steve Sporn executive committee of officers.

ILLINOIS STATE—Announced OL Garrett Anderson is transferring from Wyoming.

SOUTH CAROLINA—Signed Steve Wolkus, women's basketball coach, to 1-year contract extension.

FOOTBALL

MUHAMMAD—Signed LB Robert Jones to 1-year contract.

NEW ORLEANS—Signed RB Wilmont Perry and LB Chris Burdette to 3-year contracts.

PHILADELPHIA—Signed CB Bobby Taylor to 1-year contract and OF Chris Allex to 2-year contract.

SEATTLE—Released 5 Benjie Blades.

TAMPA BAY—Agreed to terms with OF Todd Washington on 3-year contract, and OF Chance McCarthy on 2-year contract.

CANADIAN FOOTBALL LEAGUE

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## WORLD CUP BRIEFS

### Brazilian Debate

Mario Zagallo, the Brazil coach, was not satisfied with the manner of his team's 2-1 victory over Scotland. Dunga, the team captain disagreed. "We won, but that's not enough," said Zagallo.

"Art for art's sake is bunk," said Dunga.

### Bomb Threats at Game

Bomb threats briefly emptied the press box at Montpellier stadium before Friday's match between Bulgaria and Paraguay. A media center next to the stadium also was briefly evacuated about an hour after the game.

### Mboma Joins Cagliari

Patrick Mboma, the Cameroon striker, said he was leaving Japanese club Gamba Osaka for Italian Serie A side Cagliari after the World Cup. Mboma was top scorer for Cameroon in the World Cup qualifiers with five goals in six games. He was the leading scorer in the J-League last season with 25 goals in 28 games.

### Fans Riot in Bangladesh

Hundreds of Bangladeshi soccer fans attacked two power stations, beat up staff and smashed cars after the power went out during a World Cup match, the second such incident in two days.

The electricity failed in the southern port of Chittagong on Thursday when millions were watching Italy's match against Chile on television.

### Maldini Ponders Choice

Cesare Maldini, the Italy coach, said Friday he might pick both Roberto Baggio and Alessandro Del Piero against Cameroon. "We have to try and understand exactly if and how the two might play together," said Maldini.

## Paris Police and FIFA Act on Ghost Tickets

### German Fans Are Among Those Affected

By Anne Swardson  
Washington Post Service

PARIS — The French police and world soccer's governing body, FIFA, started investigations Friday into the widespread sale of phantom World Cup tickets to tens of thousands of fans and the sale of actual tickets by soccer officials not allowed to sell them.

The soccer governing body said it was investigating two national soccer federations, those of Colombia and Cameroon, for allegedly selling to third parties tickets they had been allocated for their own citizens.

In addition, an unidentified consultant for a FIFA-affiliated marketing agency in France was accused of selling phantom tickets.

The soccer governing body also confirmed reports that the president of the Cameroon soccer federation had been arrested and charged in Cameroon with diverting and selling tickets intended for local fans.

Though complete figures were not available, it was clear that people the world over had paid for World Cup tickets they did not receive.

Victims are from the United States, Japan, Belgium, Britain, Netherlands and, it was learned Friday, Germany. There, as many as 25,000 fans may have bought phantom tickets, the German press reported; several group trips to the United States-Germany game Monday in Paris have been canceled.

Victims have blamed the French organizing committee, or CFCO. On French television, a Japanese travel agent said he hoped that when the World Cup was held in Japan and South Korea in 2002, French fans would not be so gullible.

The organizing committee, however, denied responsibility, saying it could not control tickets after they were distributed to national federations and to authorized tour operators. Noting that the committee had issued several warnings urging people to buy only from licensed op-

erators, Jacques Lambert, managing director of the committee, said: "The CFCO has decided to turn all information it has over to the prosecutor of Paris in order to allow the legal system to undertake all necessary judicial actions."

He also said that the committee was prepared to join lawsuits filed by individual victims.

Michel Zen-Ruffinen, the acting secretary-general of FIFA, said that Vincent Onana, the president of the Cameroon soccer federation, had been arrested Monday as he tried to leave Cameroon with the national team. Mr. Onana was placed under investigation for embezzlement of public funds. He is alleged to have supplied a British travel agency that subsequently failed with 3,000 tickets worth \$660,000. He denied those allegations in an interview with Le Monde, the Paris daily.

FIFA did not reveal details of the allegations against the Colombian federation. The president of the Colombian federation denied the allegations in an interview with Agence France-Presse.

Mr. Zen-Ruffinen said that FIFA was also investigating allegations that a consultant to the marketing agency ISL France "apparently sold tickets he did not have to individuals," in amounts reportedly running into the thousands of tickets.

ISL France is partly owned by ISL Worldwide, FIFA's Switzerland-based marketing partner. ISL Worldwide said that a consultant "undertook the illegal sale of tickets, agreeing to orders that he could not fill, fraudulently using the name of ISL France to convince his potential customers he could supply them with tickets."

A spokeswoman for the Paris police said investigators were looking into several — she did not know how many — complaints filed by victims of false ticket sales. But she said that unless it could be shown that the vendors never intended to sell tickets rather than committing to sell tickets they hoped to obtain later, the affair would most likely be a civil rather than a criminal matter.



A wall of Paraguayan players defending against a Bulgarian free kick during the Group D match on Friday.

## Paraguay Kicks Away Historic Chance

The Associated Press

MONTPELLIER, France — Jose Luis Chilavert almost made World Cup history Friday. And he is irked that he missed his chance.

Zdravko Zdravkov, the Bulgarian goalkeeper, had to stretch high to his right to push a curling free kick by his team.

### BULGARIA 0, PARAGUAY 0

Paraguayan counterpart over the crossbar. The save helped ensure that the Group C match ended 0-0.

No goalkeeper has ever scored in a World Cup match except in a penalty shootout.

"I already saw the ball in the net," said Chilavert, who has 35 goals in his professional career. "Too bad, I could have made history."

Chilavert's 78th-minute shot was the highlight of a match in which both teams struggled to establish scoring chances and wasted the few they did conjure up.

Bulgaria, a semifinalist four years ago, dominated the first half but created few clear-cut scoring chances.

In the 35th minute, Hristo Stoichkov beat two defenders and hit the right goal

post with a left-footed shot that had Chilavert beaten.

Paraguay dominated the second half, getting several chances before Chilavert's free kick.

The Bulgarians played the final 20 minutes with only 10 men after Anatoli Nankov earned his second yellow card and was sent off.

Paraguay had two good chances after that, but failed to convert after it generally dominated the second half.

"We lacked poise to finish the

plays," said Paulo Cesar Carpegiani, the Paraguay coach. "We always missed the last pass."

Stoichkov set up the best Bulgarian opportunity in the second half when he charged into the box from the left and crossed the ball to an unmarked Luboslav Penev. But Penev blasted his kick high over the goal from six yards out.

Chilavert said, "Paraguay was supposed to be an easy team to beat, but this is not so and I feel very proud."

## For Nigeria's Coach, the Pressure Is On

By Steven Goff  
Washington Post Service

ELINCOURT-SAINT-MAR- GUERITE, France — The arduous journey to find Bora Milutinovic, Nigeria's besieged national soccer team coach, concluded at the tall iron gates of Chateau de Bellinglise in this speck of a village 50 miles north of Paris.

"Bora? No. Impossible," a massive French security guard said with a stone-faced glare.

Not so long ago, Milutinovic was perhaps the most visible and accessible figure in the vast soccer world. He could be spotted in Southern California, his home during a memorable tenure as United States coach in the 1994 World Cup; strolling through the lobby of the visiting media's hotel in Mexico City, his full-time address and the site of his greatest coaching triumphs as Mexico's leader in 1986; in Hong Kong and Helsinki, Amsterdam and Assuncao, and anywhere else a match of even the slightest importance was being played.

But for several weeks, Milutinovic has taken a low-key strategy. His latest mission, as coach of Nigeria, has been one of the most difficult of a coaching career that spans 21 years. The national soccer federation and the troubled government have inflated expectations and offer minimal support.

But Milutinovic, 53, has found solace isolated in the French countryside. About 15 miles from the nearest highway exit, down a sloped one-lane path that cuts through a forest, several gendarmes keep an eye out for trouble while a van full of Nigerian food ordered from Paris is backed into the courtyard.

Finally, Milutinovic pokes his customary shaggy mop of brown hair and thick-rimmed glasses out of a side doorway. A familiar face is welcomed.

"My friend, it is very difficult some of the time," he said with a forced smile. "But this is the life, this is my life."

Life has been better. Despite a wealth of talent, Nigeria lost 5-1 to the Netherlands in a warm-up game last week. It was the latest setback, prompting cries in Nigeria for a coaching change before the team's opener against group favorite Spain on Saturday.

Then again, the wily Milutinovic might have been guarding his game plan. Steve Sampson, the U.S. coach and Milutinovic's assistant with the U.S. team in 1994, laughed when asked about Nigeria's troubles.

"He's just setting everyone up," Sampson said. "Just you watch, Nigeria will be ready."

Nigeria's fortunes are being closely monitored by the new Nigerian government leader, Abdulsalam Abubakar, who, in the wake of general Sani

Abacha's death this week, said, "The hopes of a nation rest on your shoulders in this difficult time."

Several key injuries on his team aren't helping the situation. In addition, Nigeria is stuck in the most difficult first-round group, having also to face 1994 semifinalist Bulgaria and defensive-minded Paraguay.

"This is a great challenge," he said. "No one said the World Cup was going to be easy. It's never easy. If it was easy, everyone would be a coach."

Milutinovic is one of the best, a coaching vagabond who has built a reputation for molding teams into winners just in time for the World Cup.

In his second stint with Mexico Milutinovic guided the team past Brazil in the 1996 Gold Cup final in Los Angeles. A year later, he led Mexico to a first-place finish in the North American qualifying tournament for the '98 World Cup. But the wins did not impress his bosses enough. He was fired.

Now, with Mexico floundering prior to its World Cup opener in Lyon on Saturday, the Mexican fans are calling for his return.

"It is maybe special to coach many teams, but for me, what is important is to play and win," he said. "Nigeria is good. The players, they are good. But now we have to perform on the field. This is where we will be judged."

## Njanka Comes Out of Nowhere for Cameroon

Reuters

TOULOUSE — Six weeks ago, Pierre Njanka did not exist — in world soccer terms at least.

But Njanka presented himself with panache Thursday night, dashing half the length of the field and weaving through defenders to slide a shot into the Austrian goal and

give Cameroon a 1-0 lead in their World Cup match. The game ended in a 1-1 draw.

"A month and a half ago, Njanka did not exist," said Claude Le Roy, Cameroon's coach. "I had to go and get him from his village of Myvole. When you see the goal he scored tonight, you can understand the potential of

Cameroon football."

Until he recently joined the Olympique Mvolye team in Cameroon's first division, Njanka could not find a league club to make use of his talents.

He was discovered by Le Roy after the coach asked 16 local teams to put forward the best players they had to help him unearth any talent that could

help the Lions in their bid for World Cup glory.

Of the 50 players that turned up for a practice session, Le Roy chose eight, including Njanka.

He is such a new find that even Cameroon's celebrated striker, Patrick Mboma, did not know about him until the squad got together in France for its final World Cup warm-up games.

"He's an unknown," Mboma said. "But what he did was great. He scored the only goal, and we were near to winning because of him."

Toni Polster, Austria's veteran striker, smashed home the equalizer when the Cameroon defense left him unmarked in front of the goal.

A report of this game appeared in late editions Friday.

## BREAKFAST FOR GROAN-UPS By Manny Nosowsky

Crossword puzzle grid with clues for Across and Down.

ACROSS

1 It finds itself in water

7 Comics debut of 1941

13 No longer shrink-wrapped

20 It didn't keep Little Boy Blue awake

21 Jinx

22 Breakfast's favorite drama

25 Crime mystery writer Paretsky

26 Fluency

27 Discredit

28 Resort souvenir

29 Breakfast's query

35 Associate of Zerk

36 Have breakfast, e.g., in Germany

39 Church part

40 Nasty

41 Waters and Merz

46 Whipped call

47 ACTH or thyroxine

50 Bright-colored blooms

52 Colt, for one: Abbie

53 Heads toward

54 Fielding brother

55 Breakfast's personal credo

58 "Jaws" sighting

59 Loose, in a manner of speaking

60 The L of L-dopa

61 Dry as a bone

62 In peak singing condition?

64 Marked by drinking

66 Williams and Kennedy

70 "The Coqueror Worm" poet

71 One way to run

74 Peel

76 1997 Peter Fonda title role

78 Isle of Man man

81 Dolt

82 Breakfast's maid?

85 Just

86 Remove all restrictions on

88 "Cousin" lands?

89 Mouthed but not spoken

91 "Amadeus" role

92 Cause of a non sequitur

93 Salt of element #53

94 Meg's "Prelude to a Kiss" co-star

95 "Snake" co-star

96 Feeding tube?

98 Formerly named

100 How breakfast views himself?

106 Cap initials at Busch Stadium

109 Have a loan from

110 Make

111 Part of the eye

115 Waiters' reaction after breakfast was over?

121 Forest (W.W.I. battle site)

122 "Bewitched" husband

123 One in the sun

124 Holiday driver, in a phrase

125 Place beside

126 Sharp-pointed instrument

DOWN

1 Ski Valley, N.M.

2 Author Bonhoeffer

3 Golden

4 Legally

5 It may be involved in a draft

6 Pick up

7 Wear off

8 Bran accompanier

9 Like some chairs

10 — at oblique (here and everywhere)

11 Female name suffix

12 Swellhead

13 Routers

14 Second of a historical trio

15 Cedar (number source)

16 "Capital"

17 Plain Jane

18 Antiquant

19 Slayton

21 Actress McHugh

22 "No allowed"

24 Confront

30 Start with pad or post

31 Lash out at

32 Violinist Heifetz

33 Surprise challenger

34 Mashied dish

35 Cross, of a sort

36 Eric Rohmer's "of Winter"

37 Breakfast's sad comment?

38 Breakfast's U.N. guest?

42 How tuna may be packed

43 Screened the Laura and Bruce

45 Escape artist

46 Hand, informally

47 "Gothic"

48 "Is that all right?"

49 Swab again

51 Illustration

52 Second-rate film

53 Kind of linebocker

56 Opposed

57 Jams

63 Run a charity, e.g.

65 Giggie

67 Black to the max

69 Will be, to Doris Day

71 March music maker

72 Ear part

73 Wrong end?

75 Enlarge

77 Observation

78 Select or elect

80 Paris school

83 It releases a dangerous spray

84 Spirit

87 It may be polished

90 1956 Allen Ginsberg poem

92 Dodger name of fame

95 Lo-cal

96 Flow stoppage

97 Capital city spelled with an umlaut

98 Registered, with "up"

101 Sonnet song "We're Be All Right"

102 Oscar winner Edmund of "Miracle on 34th Street"

103 Golfer

104 Ballesteros

105 Scrumptious

106 Ty

107 Like some traffic

© New York Times/Edited by Will Shortz

### Solution to Puzzle of June 6-7

Across: 1. DRY, 7. GILBERT, 13. UNWRAPPED, 20. BLUE, 21. Jinx, 22. DRAMA, 25. PARETSKY, 26. FLUENT, 27. DISCREDIT, 28. Souvenir, 29. QUERY, 35. ZERK, 36. Germany, 39. Church, 40. Nasty, 41. Waters, 46. Whipped, 47. ACTH, 50. Blooms, 52. Colt, 53. Toward, 54. Fielding, 55. Credo, 58. Sighting, 59. Loose, 60. L-dopa, 61. Bone, 62. Condition, 64. Drinking, 66. Williams, 70. Coqueror, 71. Run, 74. Peel, 76. Peter, 78. Fonda, 81. Dolt, 82. Maid, 85. Just, 86. Remove, 88. Cousin, 89. Mouthed, 91. Amadeus, 92. Cause, 93. Salt, 94. Meg, 95. Snake, 96. Feeding, 98. Formerly, 100. Views, 106. Busch, 109. Loan, 110. Make, 111. Part, 115. Waiters, 121. Forest, 122. Bewitched, 123. One, 124. Holiday, 125. Place, 126. Instrument, Down: 1. Ski, 2. Author, 3. Golden, 4. Legally, 5. Involved, 6. Pick, 7. Wear, 8. Bran, 9. Like, 10. Oblique, 11. Suffix, 12. Swell, 13. Router, 14. Second, 15. Cedar, 16. Capital, 17. Plain, 18. Antiquant, 19. Slayton, 21. Actress, 22. No, 24. Confront, 30. Start, 31. Lash, 32. Violinist, 33. Surprise, 34. Mashied, 35. Cross, 36. Eric, 37. Sad, 38. U.N., 42. How, 43. Screened, 45. Escape, 46. Hand, 47. Gothic, 48. Is that, 49. Swab, 51. Illustration, 52. Second-rate, 53. Kind, 56. Opposed, 57. Jams, 63. Run, 65. Giggie, 67. Black, 69. Will, 71. March, 72. Ear, 73. Wrong, 75. Enlarge, 77. Observation, 78. Select, 80. Paris, 83. It, 84. Spirit, 87. It, 90. 1956, 92. Dodger, 95. Lo-cal, 96. Flow, 97. Capital, 98. Registered, 101. Sonnet, 102. Oscar, 103. Golfer, 104. Ballesteros, 105. Scrumptious, 106. Ty, 107. Like.

Here Come the  
And U.S. Team

A Wild Weekend a

DEANS THE

PLANTS

GARFIELD

BEETLE MAN

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WORLD CUP

# Here Come the Germans, And U.S. Team Is Braced

By George Vecsey  
New York Times Service

PARIS — Claudio Reyna always thought you played soccer. His father had been a professional in Argentina. He became a professional in the United States. And soccer is, at its core, a game.

Then he went to play in Germany. The first time he practiced with his German club, he was dribbling the ball blithely when his new chums came blasting in with sliding tackles associated with the grittiest league games. "This," Reyna thought to himself, "is not normal."

Well, maybe it was an initiation rite. They would get over it.

The next day they held practice on an ash field, not a blade of grass to be seen. "I figured, 'They won't do it here,'" Reyna recalled. "They did." He had the bruises to prove it.

This was part of the education of Reyna, a member of the U.S. World Cup team who plays for VfL Wolfsburg, and all the other Yanks who have gone to Germany to make a living with the hardest soccer players on the face of the earth. There is no samba in Germany, no soccer-mom appeal, no fooling around.

The Americans will receive another blunt reminder Sunday when they encounter the hard old boys in their first game of this World Cup. Germany is the most relentless team in the universe. Always. In the 1982 World Cup semifinals, it overcame a 3-1 French lead — in overtime, that is. In this rapidly homogenizing world of global television, European unity and Jordanian marketing, the Germans still come at you like nobody else, opening whistle to closing whistle.

"Germans are very machine-like," said Joe-Max Moore, another member of the American squad who has played in Germany, at Saarbrücken and Nürnberg. "They won't stop. They are mentally stronger than most countries."

One of the endearing aspects of world soccer is that many national and ethnic stereotypes are not only true but are actually celebrated. Brazilians are proud of playing like Brazilians, open and creative, and Germans are proud of never quitting.

"They're born with it," Moore said. "They work over there, not just on the soccer

field. They work six days a week over there, that's all I know. The soccer players work six days a week, two hours a day. They work every minute of it. That's not normal."

Being merely soccer players, Moore and Reyna do not have to worry about being politically correct. They describe what they see and feel.

"I think Americans and Germans are very similar," Moore said. "The difference is that Germany has thousands of players to choose from and we don't. They have guys in the second and third division who could play for us."

Since Paul Caligiuri blazed the trail in Germany in the mid-'80s, the Germans have been quite receptive to hiring Americans. Fortunately, there is a double standard. The Germans do not expect the Americans to act like them off the field.

"When Chad and I went over there, we went to practice in floppies and shorts and baseball caps," recalled Reyna, referring to his U.S. teammate, Chad Deering, who also has experience in Germany. "The German guys were dressed better. They just looked at us. They like to be informal, too. That's why they love going to California on vacation."

"But when they come to work, they work. They stress being on time. I mean, we weren't late, but we'd get there right on time and they'd all be looking at us. They're never late for anything."

Thomas Dooley admits there is a difference. The son of an American soldier, he grew up as a German until he qualified for American citizenship in 1994.

Of his arrival in the States, Dooley said: "When I came over here, I don't want to say they weren't organized, but they had more freedom. The Germans like more control. If the coach says you have to stay somewhere, the players do not say anything."

Dooley has learned English and is one of the most urbane of the American players, as well as the new captain.

Reyna expressed the hope that the weather might hamper the Germans. "If the temperature is warm, they won't like that," he said.

Unfortunately for the Yanks, the weather has been downright fresh, which means they can expect hard times for 90 minutes, as usual. It could be worse. They could be meeting the Germans on a field of ashes.



Denmark's Marc Rieper scoring past Mohammed Deayea of Saudi Arabia on Friday.

## Rieper's Header Clinches It As Saudi Defense Stumbles

The Associated Press

LENS, France — A defender, Marc Rieper, succeeded where Denmark's strikers had failed Friday, heading Denmark to a 1-0 victory over Saudi Arabia in their World Cup Group C match.

Rieper rose unguarded in front of the goal

### DENMARK 1, SAUDI ARABIA 0

in the 68th minute to score in a scrappy match that Denmark dominated.

"We created a lot of chances, so we should have won by a bigger margin," Rieper said.

Brian Laudrup and his older brother Michael caused problems for the Saudi defense with quick passes and inventive running, but nobody could provide the finishing touch. As the half wore on, Saudi Arabia grew in confidence and began to pose a threat.

"We played against a good team with nice players and they did well," said the Saudi coach, Carlos Parreira, who led Brazil to World Cup victory four years ago. "My players should leave with their heads up. We played tough against a good team."

Ebbe Sand, Martin Jorgensen and Rieper all had good chances in the first half.

Just before halftime, Peter Schmeichel flung himself sideways in goal to get a hand to a free kick by Saeed Al-Owairan.

"They had that good free kick, which Schmeichel saved brilliantly, but apart from that I thought we had them under control," Rieper said.

Denmark finally scored in the 68th minute when Brian Laudrup crossed from the right to Rieper in the center, who headed the ball past Mohammed Deayea. The chance was a gift to the Danes after some poor Saudi defending.

## When Sportsmen Deserve Acclaim

### Knighthood Matters Not, But Children Need Heroes

By Rob Hughes  
International Herald Tribune

MARSEILLE — Look very closely at the 704 players you may see at this World Cup. Ordinary fellows, you must agree. Two arms, two legs and blessed with gifts of varying degrees to move a ball

#### VANTAGE POINT

around a turf field so that we can dream. Lucky guys, these athletes, born in the right time and place — and one of them born to be the man who strikes the golden goal of 1998.

If he's French — say Zinedine Zidane — then no matter his impoverished upbringing or his foreign ancestry, he is in line to follow Michel Platini, honored with the title Chevalier de la Légion d'honneur.

If he's English — Alan Shearer or Michael Owen — he will be knighted. It might take a little time, but the Brits always get there. This weekend, just in time to instill the right spirit to the "lads" of '98, a former player, Geoff Hurst, is to be knighted in the Queen's Birthday Honours list.

Hurst had one very special day. He scored the three goals that won the 1966 World Cup final at Wembley Stadium in London.

His country gave the soccer ball to the world. Britain's missionaries were sailors, railroad workers and even clergy spreading the gospel of soccer in the far reaches of their empire and beyond. But England could win the World Cup (thus far) only once, and that on home soil.

Hence, Sir Geoffrey. The timing is populist, for the English nation has recently upgraded soccer from a working class sport. The profile has never been higher and, coincidentally, nor has the hunger to stage the World Cup again in 2006 at a Wembley that is to be rebuilt at a cost estimated at about \$360 million.

Hurst happens to be a traveling companion around the globe of Sir Bobby Charlton, also knighted for his soccer exploits, in particular his survival of the Munich air crash involving Manchester United in 1958 on his culminating achievement — helping to win the World Cup 32 years ago.

Their purpose in encircling the globe is to shake the hands and persuade the members of the FIFA executive committee. They are ambassadors, persuaders, and they are joined by Gary Lineker, the former England striker, al-

though his knighthood can surely not be long. Maybe it's held up in the post.

I mean no disrespect to Hurst, who is a perfectly decent man. But Hurst was not a phenomenal talent. He was a strong athlete and an opportunist who scored the only hat-trick in any of the 15 World Cup Finals. He was a member of the team principally because Sir Alf Ramsey, knighted as you would guess because of 1966, was a manager who did not appreciate the genius of Jimmy Greaves.

Greaves displeased Ramsey because he didn't show the same work-ethic as Hurst, and because he drank. So the genius was dropped, the apprentice scored, and voila, knighthoods all round.

American readers must wonder what it is all about. They have "Sir" Charles Barclay, a basketball forward with the Houston Rockets, but that title carries more than a little irony. Michael Jordan has to be content with the sobriquet "Air."

It is, principally, the English and the French who bestow honors with a capital "H" on sports players who, we may think, make enough through their fame and their bank balance.

"The timing is impeccable," were Hurst's first words when he found out he would be Sir Geoffrey.

He knows better than most that he is an ordinary man. His post-soccer life has been in insurance. He may feel flattered that he has become English soccer's fifth knight, after Ramsey, Charlton and two of the older legends: Sir Stanley Matthews and Sir Tom Finney.

Sport is living in false times, and awards beyond the playing field are unnecessary adornments to the winning of trophies and the banking of fortunes. But they can have meaning particularly in France and particularly now. If Zidane is the hero and rises to acclaim and *Honneur*, then maybe the xenophobes who follow Jean-Marie Le Pen will realize that it matters not where a man or his parents are born, but what he means to the people.

Popular heroes can speed integration within nations, and if sporting acclaim must be taken to heights above its station then I would love to see the children of Marseille's back streets dancing with joy when one of their own is anointed by the state.

Rob Hughes is sports correspondent of The Times of London.

## A Wild Weekend as 'Scary' Teams Begin Pursuit of Glory

By Peter Berlin  
International Herald Tribune

SPAIN vs. NIGERIA, Nantes, Saturday 2:30 P.M. Two of the scarier teams in the World Cup kick off their campaigns. Group D has been dubbed the Group of Death because of the playing skills of the four teams in it, but Spain and Nigeria mix a strong streak of ruthless machismo into their play that could turn it, at the least, into the Group of Nasty Injuries.

Both teams have the ability to reach the later stages of the competition, and both must

### WEEKEND MATCHUPS

have been encouraged by the 0-0 draw between their two rivals, Paraguay and Bulgaria, on Friday. Anatoli Nankov of Bulgaria did gain the first red card of the tournament, and if the game grows ill-tempered, these two teams could add to that count.

Nigeria has become a huge exporter of players, but few of its stars have stuck with top-flight teams. The exceptions include Taribo West, a powerful, smart and ruthless defender, and his Inter Milan teammate, Nwankwo Kanu, a delightful attacker. Kanu has hardly played for two years after un-

dergoing heart surgery. At his peak, he can unpick any defense.

Spain qualified unbeaten for its sixth straight appearance in the finals. But time and again in previous appearances, Spain has failed to score goals on the biggest occasions.

Luis Enrique, a powerful midfielder player, and Fernando Hierro, an elegant but hard-edged center half, epitomize Spanish strengths. But a lot rests on Raul, a 20-year-old attacker of immense talent. His form over much of the past year has been poor.

SOUTH KOREA vs. MEXICO, Lyon, Saturday 5:30 P.M. A victory could give either of these lightly-regarded teams the confidence that would unlock their abilities.

Mexico, quarterfinalists in the last World Cup, qualified comfortably and then fired Coach Bora Milutinovic because they hadn't played like Brazil. Manuel Lapuente, the new coach, will settle for three points Saturday, regardless of style. Much rests on Luis Hernandez, the top scorer in last year's Copa America.

South Korea, in its fourth successive World Cup, has yet to win a match. But it has come close. In 1994, it drew with Spain and Bolivia and lost by the close score of 3-2 to Germany.

NETHERLANDS vs. BELGIUM, St. Denis, Saturday 5:30 P.M. The stylish Dutch players act and talk as if they are the world champions and know if they fail they can only blame themselves (or, as they usually do, each other). Their Belgian neighbors know they will have to grind out victories.

Both countries pretend the match is not that important. "If we beat Mexico and South Korea, we qualify for the second round — the rest is just a bonus," said George Leekens, the Belgian coach.

Leekens has recalled Enzo Scifo to the squad to add flair to the midfield, but may prefer to start the hard-working Marc Wilmots. Luc Nilis, a striker who earns his living with Eindhoven in the Dutch league, is the man most likely to puncture Dutch pretensions.

Dennis Bergkamp, the Dutch striker, will definitely miss the game and Captain Frank de Boer has an ankle injury and is doubtful.

ARGENTINA vs. JAPAN, Toulouse, Sunday 2:30 P.M. The 12,000 Japanese fans stranded without tickets for this match may thank their travel agents.

Gabriel Batistuta, Argentina's great scorer, will know this match presents an ideal opportunity to upstage Marcelo Salas and Ronaldo. The defense, under the guidance of

coach Daniel Passarella, will undoubtedly be one of the best in the tournament.

Japan barely squeaked through from the Asian qualifying zone. It has young talent, but this could be a difficult introduction to the World Cup.

YUGOSLAVIA vs. IRAN, St. Etienne, Sunday 5:30 P.M. The new Yugoslavia arrives loaded with talent, just as the old Yugoslavia did for so many competitions in the old days. Can this Yugoslavia do better?

Pedrag Mijatovic scored to win the European Champions Cup for Real Madrid last month. Vladimir Jugovic and Dejan Savicevic have each played for two Champions Cup winning clubs.

Iran barely squeaked through to the finals and has had four coaches in less than a year. However, its trio of German-based players — the strikers Khodadad Azari and Ali Daei and the midfielder Karim Bagheri — proved consistently dangerous in the qualifying rounds.

JAMAICA vs. CROATIA, Lens, Sunday 9:00 P.M. Two countries make their World Cup debuts with very different expectations.

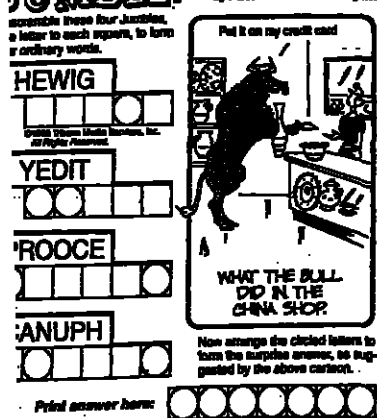
Croatia provided many of the players for the underachieving teams of the old Yugoslavia. It made a decent debut in Euro 96, but its preparations have been blighted by injuries.

### DENNIS THE MENACE



"I LIKE THE WAY YOU DON'T EVER TAKE A BREAK FOR COMMERCIALS."

### FUMBLE



Put in my words and

Now arrange the checked letters to form the words across, to be completed by the above letters.

Printed answer here: (Answers listed in the original image)

Answers: HAWK, FLY, FLOW, COARSE, ANSWER: Still taught by doctors all over the world — THE COLD WAR

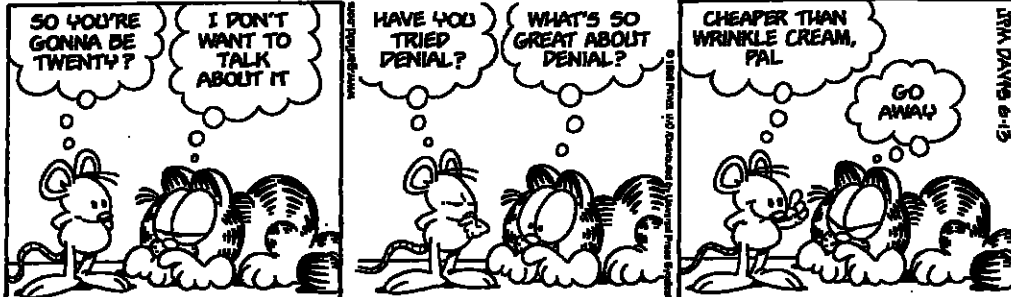
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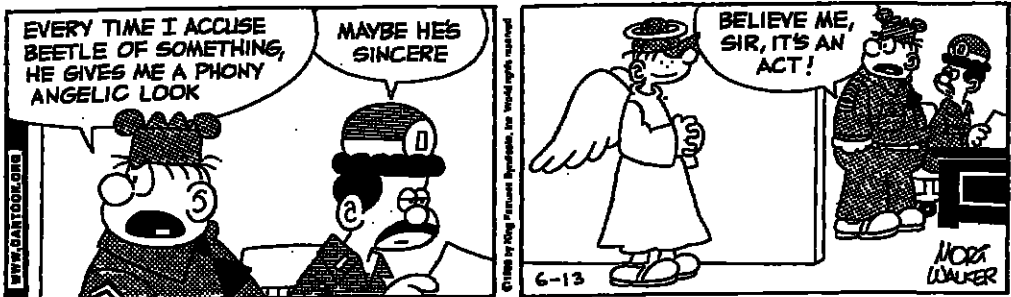
### PEANUTS



### GARFIELD



### BEEBLE BAILEY



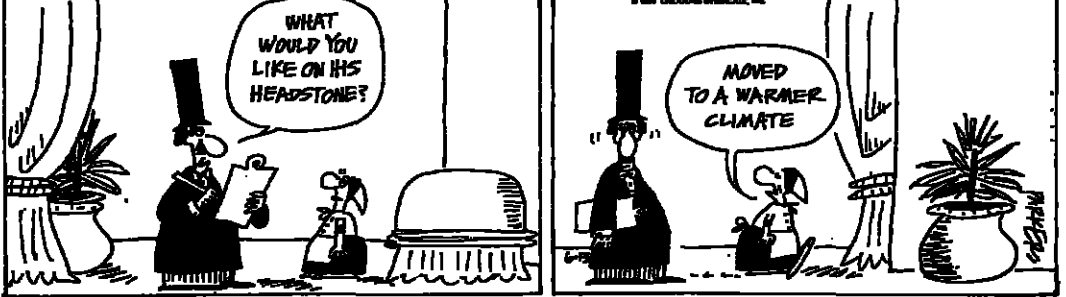
### BLONDIE



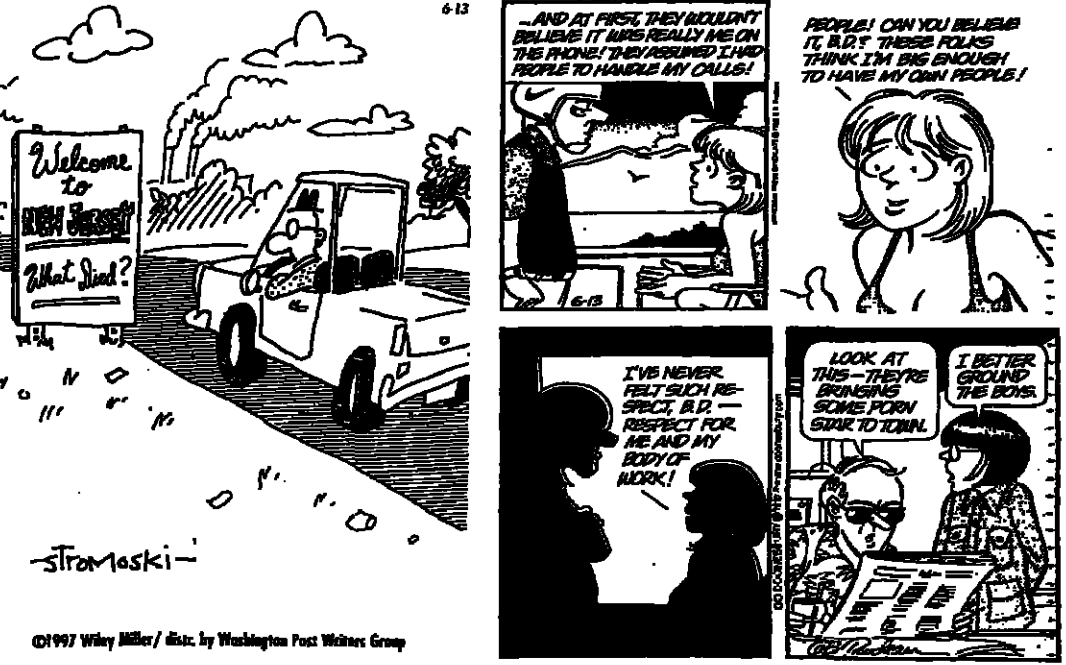
### CALVIN AND HOBBS



### WIZARD of ID



### NON SEQUITUR





DAVE BARRY

## Snake Handling Aloft

MIAMI — For those of you planning to travel by air, here are some amazing statistics about the U.S. airline industry (motto: "We're Hoping to Have a Motto Announcement in About an Hour"). This year, U.S. airlines will carry a record 143 million passengers, who will be in the air for 382 million hours, during which they will be fed an estimated total of four peanuts.

Yes, the airlines are cutting back on food service, as was dramatically demonstrated on a recent New-York-to-London flight wherein nine first-class passengers were eaten by raiders from coach. But despite the cutbacks, the U.S. airline industry is still one of the safest on Earth; the only nation with a better safety record is the Republic of Kyrgyzstan, which has only one airplane and can't figure out how to start it.

The U.S. airline industry, in contrast, boasts a vast fleet of modern planes maintained by a corps of highly professional mechanics, by which I mean "mechanics who are all wearing the same color uniform." This is not the case in some countries. One time I was leaving a Caribbean island aboard a two-propeller airplane with a name like "Air Limbo."

## Beware of airlines with names like "Air Limbo."

As we sat on the runway, getting ready for takeoff, I could not help but notice that an important-looking fluid was gushing out of the engine on my side. This made me nervous, so I was relieved when a man wearing shorts and flip-flops came over to take a look. He studied the fluid, which was really pouring out, then he turned toward the pilot and made the "O.K." sign. I was thinking, "O.K.? WHAT DO YOU MEAN, O.K.?" And while I was thinking that, we took off. We did make it to our destination, but I'm pretty sure we were followed the whole way by a pack of hungry sharks thinking, "That thing can't stay up there much longer!"

You generally don't have to worry about sharks with domestic air travel, but there are things you need to know, which is why today I'm presenting these:

Answers to Common Air-Travel Questions:

Q. Airline fares are very confusing. How, exactly, does the airline determine the price of my ticket?

A. That is determined by Rudy the Fare Chicken, who decides the price of each ticket individually by pecking on a computer keyboard sprinkled with corn. If an airline agent tells you that they're having "computer problems," this means that Rudy is sick, and technicians are trying to activate the backup system, Conrad the Fare Hamster.

Q. What do they mean by "mechanical problems"?

A. They mean that the pilot cannot find his magic feather. Q. What precautions will be taken to insure that there is no terrorist bomb aboard my aircraft?

A. The airline agent will ask you a series of security questions shrewdly designed to outwit terrorism, such as: "Did any terrorist unknown to you give you a bomb to carry on board this plane?" Also, if you have a laptop computer, they may ask you to turn it on, thus proving that it is not a terrorist bomb.

Q. But couldn't a terrorist easily put a bomb in a computer in such a way that the computer could still be turned on?

A. Shut up.

Q. What happens to my carry-on baggage when it goes through the X-ray machine?

A. There is a man named Karl crouching inside there who paws rapidly through your belongings.

Q. Looking for terrorist bombs?

A. No. Soiled underwear.

Q. How much carry-on baggage am I allowed to take?

A. In the past, passengers had to be able to physically lift the luggage to carry it on to the plane. But that restriction has been eliminated, thanks to the discovery, by the luggage industry, of wheels. Today, passengers routinely board airplanes towing suitcases the size of sleeper sofas. On a recent TWA flight from St. Louis to Atlanta, a passenger boarded with a Volkswagen Jetta, which he was able to get into the overhead storage bin after just seven hours of shoving.

Q. What is that thumping noise you sometimes hear after takeoff?

A. That is Vomax, Hell Demon of the Cargo Hold. It is nothing to worry about.

Q. Why do they make you bring your seat back to the full upright and locked position?

A. Because they do not like you.

One final thought: Although most of us feel anxiety about flying, it's important to remember that, statistically, commercial airline travel is more than THREE TIMES as safe as snake handling. So buckle up, and have a great flight! I myself will be on Air Kyrgyzstan.

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## An Intriguing Partnership on the Arno?

By Mary Blume  
International Herald Tribune

PARIS — The river Arno originates along the western slope of the Apennines and ends in the Ligurian sea at Pisa, passing most famously through Florence where, despite many floods, the latest in 1966, it looks, Mark Twain said in 1869, "like a great historical creek with four feet in the channel and some scows floating around. It would be a very plausible river if they could pump some water into it."

It would have been a very different river had a plan succeeded to divert the Arno and turn Florence into a thriving seaport. The scheme should have worked: It had the support of city leaders and its architects were two of history's greatest minds, Leonardo da Vinci and Niccolò Machiavelli.

The story of their unlikely collaboration in 1503-1504 is told in "Fortune Is a River" by Roger D. Masters, published next week by The Free Press in New York. A Dartmouth professor of government,

Masters has had to rely on a degree of conjecture since neither of the great men left a record of his role in the failed project or even admitted working with the other. "This need not be surprising: few people go out of their way to attract attention to a costly political disaster for which they can be held responsible," Masters explained.

They were not the first to try to move a river. The architect Brunelleschi tried to flood Lucca, and failed. Leonardo's more ambitious plan was not to flood a city but to deprive Florence's enemies in Pisa of water while making the river navigable from Florence to the sea, enriching the city and opening it to the great maritime explorations of the time.

The means included building locks and canals and making a tunnel under a mountain

pass: demanding stuff but Leonardo had become an expert in military technology while serving Ludovico Sforza in Milan, where he studied hydraulics, invented movable bridges, siege machines, tanks and catapults as well as designing masques, acting as a public entertainer and painting, among other works. "The Last Supper."

The story begins 500 years ago in Florence where Savonarola, a year after his "bonfire of the vanities," became one himself, deposed and burned at the stake. With his death Machiavelli returned to his position of second chancellor, appreciated for his subtle scheming and fine prose style. His first state paper, in 1499, was on the war against the Pisans, which was going very badly. And there was an added threat from

the unpredictable son of Pope Alexander VI, Cesare Borgia.

By 1502 Leonardo was working for Borgia in Imola as his chief architect and general engineer. He may also have been there as a secret agent for the republic of Florence, Masters thinks. The same year Machiavelli was sent as an envoy to Borgia's court. "Would it have been possible for two Florentines, one very famous, the other a government official, to spend several months in a place this size without meeting?" Masters asks. That Machiavelli prudently never mentioned Leonardo in his letters is, he says, further evidence of their secret collusion.

Although Vasari mentions Leonardo's attempts to divert the river, only 20 years ago

were maps discovered in Madrid indicating that while in Borgia's employ, Leonardo had carefully studied the headwaters of the Arno. Details of the map would have been more interesting to Florence than to the unpredictable Borgia.

For the spring and summer of 1503, Leonardo's chief activity seems to have been the Arno project, although he also had been working on the "Mona Lisa." Masters argues that the meandering river and mountain in the painting's background suggest that Leonardo had more on his mind than his billious sinner.

Unable to launch a direct military assault on Pisa and intrigued at the thought of making Florence into a seaport, the city finally voted to proceed with diverting the Arno to a new bed, at some points 20 miles from its natural course. Machiavelli named the commissioner and hydraulic engineer who were to direct the work, every detail of which had been planned by Leonardo.

The hydraulic engineer, Colombino, changed the design, underestimated the work force required and failed to build the digging machine that Leonardo had invented.

The river quickly returned to its old course, part of the works collapsed, the project was dropped and the war with Pisa went on for five more years.

Schemes to divert rivers continue into our times. One even grander than the Arno project came up not that long ago, it seems, when some rich Texans decided to move the Mississippi Delta over to the Texas panhandle. Despite support from local politicians, the plan sank.



Illustration by David S. White

## PEOPLE

GENETIC tests on remains of Yves Montand prove that he did not father a young woman who claimed for years to be his love child, judicial sources said. Throughout his life, Montand had denied that Aurore Drossart, 24, was his daughter, but he refused to undergo DNA tests to lay the matter to rest. He died in 1991 at the age of 70. After years of trying, Drossart and her mother, Anne, won a court-ordered exhumation of Montand's corpse from Pere-Lachaise Cemetery in Paris. It was carried out in March. The DNA tests were negative, according to the judicial sources. Catherine Allegret, Montand's adopted daughter with his wife of 36 years, Simone Signoret, told France Info radio, "Montand will be able to rest in peace." Signoret died in 1985, and Montand had a child, Valentin, in 1988 with his companion Carole Amiel. Geneticists at the Institut Medicolegal in Paris used DNA samples taken from Montand's teeth to carry out the tests. The results reverse a Paris court's finding four years ago that Montand was Drossart's father, based on physical resemblance as well as the fact the Montand had refused twice to undergo blood tests to verify his claim.

Bob Hope and his wife, Dolores, have been awarded papal knighthoods. "You just name it, and they've always been willing to step forward and share their gifts, their lives, with everyone," said Cardinal Roger Mahony, who bestowed the honors in California. They were invested in the Order of St. Gregory the Great. Pope John Paul II bestows papal knight-

hoods on those who have promoted the interests of humanity and the Catholic Church. Hope, a non-Catholic, and his wife, who is Catholic, were to have been invested in January but they were unable to attend.

The star-studded charity concert with the tenor Luciano Pavarotti, Stevie Wonder and the Spice Girls raised nearly 4.3 billion lire (\$2.4 million) for Liberian children, the organizers said. The money is to go to construction of a village for child victims of the civil war in Liberia that ended last year.

A judge in Boston ruled that Woody Harrelson assaulted two photographers and unlawfully removed film from one of their cameras, but he left it up to a jury to determine damages in a lawsuit against the actor. Harrelson had testified that he was trying to protect the privacy of his 2-year-old daughter when he scuffled with a Star magazine photographer, Steven Connolly, and a free-lance video cameraman, Paul Adao.

A Leica camera engraved with the signature of the photographer Henri Cartier-Bresson was auctioned at Christie's in London for £25,300 (\$40,000). The Leica was produced to mark the 90th anniversary of the photographer's birth and was sold to an anonymous British collector. The money from the sale was given to a French charity.



Aurore Drossart has lost to a series of genetic tests.

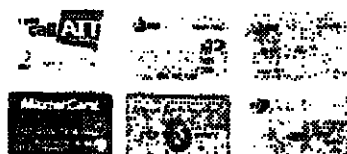


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